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UNITED STATES DISTRICT COURT FOR THE  
 NORTHERN DISTRICT OF CALIFORNIA

15	NATIONAL FAIR HOUSING	)	
16	ALLIANCE; FAIR HOUSING	)	
17	ADVOCATES OF NORTHERN	)	
18	CALIFORNIA; CENTRAL OHIO FAIR	)	
19	HOUSING ASSOCIATION;	)	
20	CONNECTICUT FAIR HOUSING	)	FIRST AMENDED COMPLAINT
21	CENTER; DENVER METRO FAIR	)	AND
22	HOUSING CENTER; FAIR HOUSING	)	
23	CENTER OF CENTRAL INDIANA;	)	JURY DEMAND
24	FAIR HOUSING CENTER OF THE	)	
25	GREATER PALM BEACHES; FAIR	)	Case No. 4:16-cv-06969
26	HOUSING CENTER OF WEST	)	
27	MICHIGAN; FAIR HOUSING	)	
28	CONTINUUM, INC.; GREATER NEW	)	
	ORLEANS FAIR HOUSING ACTION	)	
	CENTER; HOPE FAIR HOUSING	)	
	CENTER; HOUSING	)	
	OPPORTUNITIES MADE EQUAL OF	)	
	VIRGINIA;	)	
	HOUSING OPPORTUNITIES	)	
	PROJECT FOR EXCELLENCE, INC.;	)	
	HOUSING RESEARCH & ADVOCACY	)	
	CENTER; MIAMI VALLEY FAIR	)	
	HOUSING CENTER; METRO FAIR	)	

1 **HOUSING SERVICES, INC.;** )  
 2 **METROPOLITAN MILWAUKEE FAIR** )  
 3 **HOUSING COUNCIL; NORTH TEXAS** )  
 4 **FAIR HOUSING CENTER; OPEN** )  
 5 **COMMUNITIES; SOUTH SUBURBAN** )  
 6 **HOUSING CENTER; AND TOLEDO** )  
 7 **FAIR HOUSING CENTER;** )  
 8 Plaintiffs, )

9 v.

10 **FEDERAL NATIONAL MORTGAGE**  
 11 **ASSOCIATION (“FANNIE MAE”);**  
 12 Defendant.  
 13

## 14 **I. INTRODUCTION AND SUMMARY OF CLAIMS**

15 1. This First Amended Complaint is filed under the Fair Housing Act of 1968, as  
 16 amended, 42 U.S.C. § 3601, *et seq.* (“Fair Housing Act”), for compensatory and injunctive  
 17 relief arising out of the Defendant’s racially discriminatory behavior in communities of color  
 18 throughout the country. Plaintiffs’ claims are based on intentional discrimination, including  
 19 Defendant’s intentional discriminatory acts, Defendant’s responsibility for the intentional acts  
 20 of its agents, and Defendant’s deliberate indifference to the discriminatory effect of its and/or  
 21 its agents’ acts, and based on disparate impact on the grounds that Defendant’s policies and  
 22 practices have a disparate impact because of race.

23 2. Plaintiffs are private, non-profit fair housing organizations dedicated to ending  
 24 housing discrimination and promoting residential integration in their communities and around  
 25 the nation. Plaintiffs work throughout the United States to eliminate housing discrimination  
 26 and to ensure equal opportunity for all people through leadership, education, outreach,  
 27 membership services, public policy initiatives, advocacy, investigation of fair housing  
 28 violations, investment in community development and stabilization projects, and enforcement.

3. Between July 2011 and October 2015 Plaintiffs conducted a comprehensive investigation of Defendant's real estate related activities in communities of color, including predominantly African-American and Latino neighborhoods, and predominantly white neighborhoods<sup>1</sup> in 38 metropolitan areas throughout the United States. The purpose of the investigation was to determine if Defendant or its agents were discriminating based on the predominant race or national origin of the residents of neighborhoods in the routine maintenance of dwellings it came to own after foreclosures. Over the course of four years, Plaintiffs investigated over 2,300 properties owned and maintained by Defendant, collected evidence on over 35 aspects of the maintenance of each property investigated, and accumulated over 49,000 photographs.

4. Defendant Federal National Mortgage Association ("Fannie Mae") is a corporation chartered by the U.S. Congress to promote access to residential mortgage credit throughout the nation. Fannie Mae's primary purpose and business activity is to purchase and guarantee home mortgages. When a home mortgage owned by Fannie Mae goes into default and foreclosure, Fannie Mae obtains title to the dwelling securing the mortgage. A dwelling owned by Fannie Mae after a completed foreclosure is referred to as a "Real Estate Owned" or "REO" dwelling. As a consequence of the recent mortgage foreclosure crisis, Fannie Mae has obtained title to a significant number of REO dwellings covered by the Fair Housing Act.

5. Once a dwelling becomes an REO property, Fannie Mae assumes all duties and responsibilities of ownership, including ordinary maintenance, while it markets the dwelling for sale to the general public. Through a small number of agents with which it contracts, Fannie Mae conducts such maintenance to preserve the dwelling so it can be sold and can

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<sup>1</sup> For purposes of this Complaint and the statistical facts set forth below, "predominantly white neighborhoods" refers to those census block groups with more than 50% non-Hispanic white residents, and "communities of color" refer to all other census block groups.

1 recover the highest and best market price. Fannie Mae's stated strategic goal for its REO  
 2 properties is to secure and maintain them so that they are appealing to prospective buyers and  
 3 ready for sale. Specifically, Fannie Mae's strategy is to "maintain each property in [its]  
 4 inventory at a level of market-readiness both inside and outside of the property, supporting  
 5 neighborhood stabilization." The stated mission of the Fannie Mae Property Maintenance team  
 6 is "to ensure the quality of our REO property maintenance services, consistently producing  
 7 best-in-class, market-ready properties and maintaining them until removal from our  
 8 inventory."  
 9

10 6. Fannie Mae's routine exterior maintenance of REO dwellings includes, but is not  
 11 limited to: regular mowing, edging of walkways and driveways, weeding, trimming shrubs and  
 12 trees trimming, removing snow, removing trash and debris, eliminating overgrown grass and  
 13 shrubbery, securing doors and windows, securing or replacing loose handrails and steps, and  
 14 covering any holes in the dwelling such as dryer vents. These routine maintenance functions  
 15 are intended to be readily and regularly met with respect to every REO property, regardless of  
 16 the condition of the property at the time of foreclosure. These basic maintenance duties do not  
 17 vary from region to region or from city to city.  
 18

19 7. Fannie Mae is required, under the Fair Housing Act, to maintain all REO  
 20 properties, regardless of their location,  
 21 without regard to race, color, religion,  
 22 sex, handicap, familial status, or  
 23 national origin. Plaintiffs investigated  
 24 Fannie Mae's treatment of REO  
 25 properties in neighborhoods of differing  
 26 racial and ethnic compositions  
 27  
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1 according to Fannie Mae's own specific maintenance norms, which are standard in the REO  
2 maintenance industry. Plaintiffs' investigation involved identifying whether certain routine  
3 exterior maintenance tasks were completed and taking photographic evidence of the property's  
4 exterior maintenance. Using traditional fair housing testing methodologies, Plaintiffs compared  
5 the quality of routine maintenance in properties located in a metropolitan area's communities  
6 of color with the quality of maintenance in properties located in the same metropolitan area's  
7 predominantly white neighborhoods.  
8

9 8. The data and pictures collected in Plaintiffs' investigation demonstrate that  
10 Fannie Mae and its agents have failed to conduct routine exterior maintenance and marketing  
11 of REO properties in communities of color, thereby leaving those REO properties in a state of  
12 neglect, while satisfactorily conducting routine exterior maintenance and marketing of its REO  
13 properties in predominantly white neighborhoods, thereby leaving those REO properties in a  
14 materially better condition. The documentation of differing treatment supports an inference that  
15 Defendant and/or its agents' behavior is intentional, Defendant is deliberately indifferent to the  
16 discriminatory consequence of its actions, and that Defendant's policies and practices have a  
17 disparate impact upon communities of color, because of race. Under established Fair Housing  
18 Act doctrine, any intentional discrimination by Fannie Mae's agents is imputed to Fannie Mae.  
19 It therefore is immaterial whether discriminatory intent to provide substandard maintenance in  
20 predominantly minority neighborhoods came from Fannie Mae headquarters or whether,  
21 instead, it originated with the small number of agents that maintained Fannie Mae's REO  
22 properties during this time period and was then improperly tolerated by Fannie Mae.  
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25 9. The evidence Plaintiffs have accumulated so far and set forth below clearly  
26 illustrates that Fannie Mae or its agents have acted with intent, with deliberate indifference to  
27 the consequences of their actions, or with reckless disregard for whether their behavior violated  
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the Fair Housing Act. Many of the factual indicia of a discriminatory motive are present here, including: The differing treatment of similarly situated comparators (§§ 63-78, 79-155); the departures from the Defendant's normal or substantive criteria (§§ 54-56); behavior that is inconsistent with the Defendant's legitimate business purposes and its goals to maximize resale value (§§ 53, 54-56, 163-166); behavior that is inconsistent with industry norms (§§ 157, 171); the pronounced disparate impact and segregative effect of the defendant's actions (§§ 63-78, 173, 174-186); and the Defendant's knowledge that its behavior and the behavior of its agents was very likely in violation of the Fair Housing Act by causing discrimination in neighborhoods of color as compared to predominantly white neighborhoods, but not changing its behavior (§§ 157-166, 172).

10. Across the over 2,300 properties investigated by Plaintiffs in 38 metropolitan areas, Fannie Mae's REO properties in predominantly white neighborhoods have far fewer exterior maintenance deficiencies, while REO properties in communities of color have far more exterior maintenance deficiencies. In predominantly white neighborhoods, the average number of deficiencies was 4.8. In communities of color, however, the average number was 7.2, *i.e.*, 50% higher than in white areas. Moreover, Plaintiffs documented significant differing treatment based on the predominant race or national origin of the neighborhood in many of the objective maintenance factors evaluated.

11. A few examples of differing maintenance based on the predominant race or national origin of a neighborhood include:

- a. Nationwide, 24% of the Fannie Mae REO properties in communities of color had 10 or more maintenance or marketing deficiencies, while only 6% of the Fannie Mae REO properties in predominantly white neighborhoods had 10 or more maintenance or marketing deficiencies.

- 1           b. 39.0% of the Fannie Mae REO properties in communities of color had trash  
2           visible on the property, while only 14.9% of the Fannie Mae REO properties in  
3           predominantly white neighborhoods had trash visible on the property.
- 4           c. 24.9% of the Fannie Mae REO properties in communities of color had unsecured  
5           or broken doors, while only 11.1% of the Fannie Mae REO properties in  
6           predominantly white neighborhoods had unsecured or broken doors.
- 7           d. 41.5% of the Fannie Mae REO properties in communities of color had damaged,  
8           boarded, or unsecured windows, while only 19.1% of the Fannie Mae REO  
9           properties in predominantly white neighborhoods had damaged, boarded, or  
10          unsecured windows.

12          12. The disparity between Fannie Mae's treatment of REO properties in  
13 communities of color and predominantly white neighborhoods can only be explained by race.  
14 Having documented differences in treatment based on neighborhood racial composition, and to  
15 rule out non-racial causes for Defendant's behavior, Plaintiffs conducted a regression analysis  
16 taking into account non-racial factors such as prior sales dates and prices, additional property  
17 transfer history, local crime statistics based on FBI standards, local housing market data,  
18 property age, dwelling size, lot size, how long properties have been in Fannie Mae's REO  
19 inventory at the time of the site visit, and property values. The results show that the exterior  
20 maintenance deficiencies existing at Fannie Mae REO properties in communities of color  
21 remain higher by a statistically significant margin as compared to the maintenance deficiencies  
22 at Fannie Mae REO properties in predominantly white neighborhoods, thus supporting the  
23 conclusion that Defendant's behavior can only be the result of intentional racial discrimination,  
24 and/or the result of policies and practices that have a disparate impact based on race.  
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1           13. For example, 60% of the difference in the average number of deficiencies cannot  
2 be explained by the many non-racial factors included in Plaintiffs' regression analyses.  
3 Likewise 65% of the difference in the likelihood that a property had ten or more deficiencies  
4 likewise cannot be explained by the non-racial factors. Moreover, the same agents were  
5 responsible for maintaining properties in predominantly white and predominantly minority  
6 neighborhoods in each geographical area.

7  
8           14. Defendant's and its agents' racially discriminatory differing treatment of REO  
9 properties is prevalent throughout the country. The repetitive pattern of differing  
10 maintenance—across 2,300 properties, 38 metropolitan areas, and over four years—indicates  
11 that this differing treatment is caused by Defendant's policies and practices set at a level of  
12 Defendant's management with responsibility for Defendant's policies nationwide.

13           15. Defendant's racially discriminatory treatment of REO properties is continuous  
14 throughout the period of Plaintiffs' investigation. Whether analyzed on a year-to-year basis or  
15 over the entire period of investigation, the same pattern of discriminatory treatment is evident.  
16 From July 2011 to October 2015, Defendant's continuous practice had the purpose and effect  
17 of providing inferior exterior maintenance to REO properties in communities of color, while  
18 providing better maintenance to REO properties in predominantly white neighborhoods. Upon  
19 information and belief, Defendant's discriminatory policies and practices are ongoing.  
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1           16.    There are no valid business  
 2 purposes served by, or valid excuses for,  
 3 Defendant's differing maintenance of REO  
 4 properties based on neighborhood  
 5 composition. Fannie Mae has a financial  
 6 interest in maintaining and securing its  
 7 inventory of REO properties in order to  
 8 preserve the value of each property until it is  
 9 sold.  
 10



**Figure 2: Fannie Mae REO in AA neighborhood in Washington, D.C.**

11           17.    In the wake of the 2008 mortgage foreclosure crisis, many financial lenders,  
 12 including Fannie Mae, found themselves the new owners of a significant number of properties  
 13 and homes that had been dispossessed through foreclosure. Plaintiff National Fair Housing  
 14 Alliance became aware that Defendant and other lenders were engaging in discriminatory  
 15 maintenance of those properties based on the racial composition of the neighborhood in which  
 16 the REO properties were located.  
 17

18           18.    Plaintiff National Fair Housing Alliance conducted an initial investigation of  
 19 Defendant's REO properties to determine whether it had properly maintained homes in  
 20 communities of color. Subsequently, beginning in the summer of 2009, the National Fair  
 21 Housing Alliance on behalf of itself and its member organizations engaged in a series of  
 22 meetings over many months with Fannie Mae officials, including staff from Fannie Mae's  
 23 REO division, to discuss discriminatory exterior maintenance of REO properties in the lending  
 24 industry. Plaintiff National Fair Housing Alliance advised Fannie Mae that it and several of its  
 25 members had conducted an investigation of Fannie Mae's properties and provided addresses of  
 26 properties and dates the properties were investigated, as well as photographic evidence of the  
 27  
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1 failed exterior maintenance in communities of color. The National Fair Housing Alliance  
2 provided numerous suggestions for correcting the differing levels of maintenance, including  
3 identifying the handful of agents responsible for the discriminatory maintenance and the  
4 weaknesses in Fannie Mae's supervision of those agents that permitted this discriminatory  
5 treatment to persist. Nonetheless, Fannie Mae intentionally, recklessly, or with deliberate  
6 indifference continued to engage in its pattern and practice of differing treatment in the exterior  
7 maintenance of thousands of properties it owned.  
8

9 19. As Plaintiffs' investigation of Fannie Mae's maintenance of REO properties  
10 continued, but prior to the initiation of this litigation, Plaintiffs met numerous times with  
11 Fannie Mae officials, including its REO division staff, informed them that their company was  
12 still engaging in the discriminatory maintenance of REO properties, and asked them to take  
13 appropriate action.  
14

15 20. Despite Plaintiffs' efforts to get Fannie Mae to voluntarily comply with the Fair  
16 Housing Act, Fannie Mae did not change its behavior. With discriminatory intent and  
17 deliberate indifference to the discriminatory purpose and effects of its policies and practices,  
18 Fannie Mae continued to maintain its REO properties differently because of the predominant  
19 race and national origin of neighborhoods. That is to say, Fannie Mae made the intentional  
20 decision not to change conduct that it knew full well was causing harm to predominantly  
21 minority neighborhoods, even though it could have ended this discriminatory conduct readily.  
22 This deliberate indifference to the known consequences of its actions is a violation of the Fair  
23 Housing Act.  
24

25 21. Fannie Mae's discriminatory exterior maintenance of REO properties in  
26 communities of color violates the rights of homeowners and residents in those neighborhoods,  
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28

and causes particularized and concrete injury to those homeowners and residents. The proper



**Figure 3: Fannie Mae REO in AA neighborhood in Oakland, CA.**

maintenance of REO dwellings is vital to the stability of neighborhoods and to the economic, social, and physical well-being of their residents.

REO properties that are poorly maintained have significant, negative outcomes to a

neighborhood, affecting the health and safety of

surrounding residents and otherwise

interfering with the rights of homeowners in

communities of color to exercise the right to enjoy their homes in a manner free from

discrimination. The stress related to living near a neglected, vacant property contributes to

increased high blood pressure rates for neighboring homeowners. Properties that are vacant and

boarded up increase a sense of social isolation and anxiety for the residents living in those

neighborhoods. Several academic and government reports acknowledge the negative effects of

neglected vacant properties on nearby homeowners, neighborhoods, and local governments.

*See, e.g.,* Government Accountability Office, Vacant Properties: Growing Number Increases

Communities' Costs and Challenges, GAO-12-34 (Nov. 4, 2011), at pp. 27-48 (available

at <http://www.gao.gov/products/GAO-12-34>).

22. The cities investigated by Plaintiffs—with just one exception—are all located in metropolitan areas that are moderately or highly segregated. Allowing REO properties in communities of color to deteriorate has the necessary and foreseeable consequence of perpetuating segregation by re-entrenching historically discriminatory practices, sometimes with governmental support, the “vestiges [of which] remain today.” *Texas Dep’t of Housing and Community Affairs v. Inclusive Communities Project, Inc.*, 135 S. Ct. 2507, 2515 (2015).

23. The existence of poorly maintained REO dwellings in a neighborhood diminishes home values for surrounding homeowners. When REO dwellings are poorly maintained, the price of homes for sale in their vicinity decrease. Lower home values in communities of color restrict the ability of minority homeowners to move to majority-white or integrated neighborhoods by reducing the equity they can use to buy a new home.



**Figure 4: Fannie Mae REO in AA neighborhood in Temple Hills, MD.**

24. By failing to maintain REO dwellings in communities of color according to the same standards as it maintains REO dwellings in predominantly white neighborhoods, Fannie Mae stigmatizes communities of color as less desirable than predominantly white neighborhoods. The prospects for integration in the affected neighborhoods are reduced

1 because white buyers are deterred from becoming owner-occupants in neighborhoods with  
 2 poorly maintained REO properties, leaving the existing segregated racial composition of these  
 3 neighborhoods unchanged. At the same time, research has shown that white homeowners in



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11 **Figure 5: Fannie Mae REO in AA**  
 12 **neighborhood in Vallejo, CA.**

predominantly minority neighborhoods  
 with high concentrations of foreclosed  
 properties have greater resources to leave  
 those neighborhoods, and the presence of  
 poorly maintained REO properties  
 increases their incentive to move out.

Neighborhood residents are therefore  
 deprived of the social, economic, and  
 professional benefits of living in an integrated community. The U.S. Supreme Court has  
 recognized the harms to neighborhood residents and municipalities “flowing from the realities  
 of a racially segregated community” caused by housing practices that perpetuate racial  
 segregation. *Gladstone, Realtors v. Village of Bellwood*, 441 U.S. 91, 111 (1979).

25. Defendant’s systematic and continuing violations of the Fair Housing Act have  
 thwarted Congressional efforts to eradicate housing discrimination and eliminate segregated  
 housing patterns. As the Supreme Court has noted, Congress has delegated private attorney  
 general status to private organizations like Plaintiffs to achieve these purposes. *See Trafficante*  
*v. Metropolitan Life Ins. Co.*, 409 U.S. 205, 211 (1972); *Havens Realty Corp v. Coleman*, 455  
 U.S. 363, 379 (1982).



26. Defendant's conduct has caused particularized and concrete injury to the



**Figure 6: Fannie Mae REO in AA neighborhood in Oakland, CA.**

Plaintiffs. Defendant's discriminatory REO maintenance practices have interfered with Plaintiffs' activities and programs designed to promote compliance with fair housing laws, and have frustrated Plaintiffs' missions by perpetuating the very unlawful discrimination and segregation that they

are dedicated to dismantling. Plaintiffs' purposes and interests fall squarely

within the zone of interests protected by the Fair Housing Act. Defendant's discriminatory behavior has caused Plaintiffs to divert substantial time and resources away from their usual activities and instead to detecting, investigating, and counteracting Defendant's unlawful conduct, and engaging in outreach and education efforts to address Defendant's ongoing discrimination. These efforts are above and beyond the operational activities and costs normally expended by Plaintiffs.

## **II. JURISDICTION AND VENUE**

27. The Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331, 2201, and 2202, and 42 U.S.C. § 3613(a).

28. Venue is proper in this district pursuant to 28 U.S.C. § 1391(b) because the Defendant does business in this district, the Defendant is subject to personal jurisdiction in this district, a substantial part of the events giving rise to these claims occurred in this district, and a substantial part of the property that is the subject of these claims is located in this district.

29. Intradistrict assignment in the San Francisco and Oakland Division is proper under Civil Local Rule 3.2(c) because a substantial part of the events giving rise to the claims occurred in Alameda County and Contra Costa County.

### III. PARTIES

#### A. Plaintiffs

30. Plaintiff National Fair Housing Alliance, Inc. (“NFHA”) is a national, nonprofit public service organization incorporated under the laws of the Commonwealth of Virginia with its principal place of business at 1101 Vermont Avenue NW, Suite 710, Washington, D.C. 20005. NFHA is a nationwide alliance of private, nonprofit, fair housing organizations, including organizations in 28 states. NFHA is the only national organization dedicated solely to ending housing discrimination and promoting residential integration. NFHA works throughout the United States to eliminate housing discrimination and to ensure equal opportunity for all people through leadership, education and outreach, membership services, public policy initiatives, advocacy, investigation of fair housing violations, investment in community development and stabilization projects, and enforcement. One of NFHA’s goals is the elimination of segregation in housing and the promotion of residential integration. NFHA has launched multiple educational campaigns to address housing discrimination designed to teach both consumers and housing professionals about equality of treatment of neighborhoods, the negative consequences that flow from racial steering, and the benefits of residential diversity. NFHA implemented a community development program using grants to homeowners and people living in rental properties to make homes accessible to people with disabilities and to senior homeowners in Washington, D.C.’s African-American neighborhoods to bring their homes up to code, so that their homes could qualify for replacement coverage from homeowners insurance companies. Its most recent program, the Inclusive Communities grant



1 program, provides grants to ameliorate some of the adverse effects of discriminatory practices  
2 during the foreclosure crisis. Focusing on predominantly African-American and Latino  
3 neighborhoods and clients, these grants promote homeownership through direct down payment  
4 and closing cost assistance, invest in emergency repairs and foreclosure prevention measures to  
5 preserve existing homeownership, and implement housing repair programs and other blight  
6 reducing activities. The grants also provide accessible housing opportunities and facilitate  
7 general quality of life improvements to support greenspace development and fresh food access.  
8 The Inclusive Communities Grant Program is being implemented by NFHA in 6 metropolitan  
9 areas: Baltimore, Maryland; Charleston, South Carolina; Philadelphia, Pennsylvania, Prince  
10 George's County, Maryland; Washington, D.C.; and Oakland, California.

12 31. Plaintiff Fair Housing Advocates of Northern California (formerly Fair Housing  
13 of Marin) ("FHANC") is a nonprofit fair housing organization incorporated under the laws of  
14 the State of California with its principal place of business in San Rafael, California in the  
15 Northern District of California. FHANC's primary objectives are to promote equal opportunity  
16 in the renting, purchasing, financing and advertising of housing; to educate people regarding  
17 federal and state fair housing laws; to promote racially integrated communities and  
18 neighborhood diversity; and to eliminate discriminatory housing practices. It is engaged in  
19 several different activities to further its mission of promoting equal housing opportunities,  
20 including: education programs in schools and in the community regarding fair housing and  
21 diversity, training programs for real estate professionals, research regarding housing  
22 discrimination in the community, pre-purchase education for homebuyers, advocacy for  
23 affordable housing, and foreclosure prevention and fair housing counseling.

26 32. Plaintiff Central Ohio Fair Housing Association ("COFHA") is a private,  
27 nonprofit corporation based in Columbus, Ohio. COFHA recognizes the importance of "home"  
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1 as a component of the American dream and seeks to eliminate housing discrimination against  
2 all persons because of race, color, religion, national origin, sex, disability, familial status, or  
3 any other characteristic protected under state or local laws. One of COFHA's goals is the  
4 elimination of segregation in housing and the promotion of residential integration. COFHA has  
5 launched multiple educational campaigns to address housing discrimination designed to teach  
6 both consumers and housing professionals about equality of treatment of neighborhoods, the  
7 negative consequences that flow from racial steering, and the benefits of residential diversity.  
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9 33. Plaintiff Connecticut Fair Housing Center ("CFHC") is a nonprofit organization  
10 dedicated to ensuring that all people have equal access to housing opportunities in Connecticut.  
11 CFHC provides investigative and legal services to those who believe that they have been the  
12 victims of housing discrimination and additionally works with state and local government, as  
13 well as housing providers, to promote compliance with federal fair housing laws. One of  
14 CFHC's goals is the elimination of segregation in housing and the promotion of residential  
15 integration. CFHC has launched multiple educational campaigns to address housing  
16 discrimination designed to teach both consumers and housing professionals about equality of  
17 treatment of neighborhoods, the negative consequences that flow from racial steering, and the  
18 benefits of residential diversity.  
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20 34. Plaintiff Denver Metro Fair Housing Center ("DMFHC") established in 2012, is  
21 a private, nonprofit fair housing enforcement agency serving six Denver Metro Counties:  
22 Adams, Arapahoe, Broomfield, Denver, Douglas, and Jefferson. DMFHC is dedicated to  
23 eliminating housing discrimination and promoting housing choice for all through education,  
24 advocacy, and enforcement of fair housing laws. One of DMFHC's goals is the elimination of  
25 segregation in housing and the promotion of residential integration. DMFHC has launched  
26 multiple educational campaigns to address housing discrimination designed to teach both  
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1 consumers and housing professionals about equality of treatment of neighborhoods, the  
2 negative consequences that flow from racial steering, and the benefits of residential diversity.

3 35. Plaintiff Fair Housing Center of Central Indiana (“FHCCI”) is a private,  
4 nonprofit fair housing organization based in Indianapolis, Indiana and primarily serves 24  
5 counties in Central Indiana. FHCCI’s mission is to ensure equal housing opportunities by  
6 eliminating housing discrimination through advocacy, enforcement, education and outreach.  
7 One of FHCCI’s goals is the elimination of segregation in housing and the promotion of  
8 residential integration. FHCCI has launched multiple educational campaigns to address  
9 housing discrimination designed to teach both consumers and housing professionals about  
10 equality of treatment of neighborhoods, the negative consequences that flow from racial  
11 steering, and the benefits of residential diversity.  
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13 36. Plaintiff Fair Housing Center of the Greater Palm Beaches (“FHCGPB”) is a  
14 nonprofit corporation dedicated to ensuring fair and affordable housing opportunities for all  
15 people, by promoting culturally diverse communities, through open housing and the  
16 elimination of all barriers to that goal. The FHCGPB’s primary purpose is the elimination of  
17 housing discrimination on the basis of race, color, national origin, religion, sex, familial status,  
18 disability, marital status, age, sexual orientation, and gender identity or expression throughout  
19 the Greater Palm Beaches area. The FHCGPB seeks the eradication and elimination of direct  
20 and indirect obstacles that limit full access to the housing market throughout Florida and seeks  
21 to end unlawful housing discrimination through enforcement, education, public awareness, and  
22 helping victims enforce their rights. One of FHCGPB’s goals is the elimination of segregation  
23 in housing and the promotion of residential integration. FHCGPB has launched multiple  
24 educational campaigns to address housing discrimination designed to teach both consumers  
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1 and housing professionals about equality of treatment of neighborhoods, the negative  
 2 consequences that flow from racial steering, and the benefits of residential diversity.

3 37. Plaintiff Fair Housing Center of West Michigan (“FHCWM”) is a private, non-  
 4 profit organization established in 1980 to ensure equal housing opportunity as guaranteed  
 5 under federal, state, and local fair housing laws. Based in Grand Rapids, Michigan, FHCWM  
 6 works cooperatively throughout Michigan with governmental and community-based agencies  
 7 to further fair housing goals. In particular, FHCWM investigates claims of illegal housing  
 8 discrimination; assists claimants in litigation and/or administrative enforcement actions;  
 9 conducts testing to determine compliance with federal and state laws; and provides practical  
 10 education to rental, sales, and lending professionals, any organization or professional with a  
 11 role in the housing industry, and home-seekers.  
 12

13 38. Plaintiff Fair Housing Continuum, Inc. is a private, nonprofit fair housing agency  
 14 dedicated entirely to the elimination of housing discrimination in Florida. Fair Housing  
 15 Continuum serves Brevard, Indian River, Seminole, Osceola, Orange, and Volusia Counties.  
 16 One of Fair Housing Continuum’s goals is the elimination of segregation in housing and the  
 17 promotion of residential integration. Fair Housing Continuum has launched multiple  
 18 educational campaigns to address housing discrimination designed to teach both consumers  
 19 and housing professionals about equality of treatment of neighborhoods, the negative  
 20 consequences that flow from racial steering, and the benefits of residential diversity.  
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22 39. Plaintiff Greater New Orleans Fair Housing Action Center (“GNOFHAC”) is a  
 23 private, nonprofit civil rights organization established in 1995. For more than 15 years,  
 24 GNOFHAC has been dedicated to eradicating housing discrimination throughout Southeast  
 25 Louisiana. GNOFHAC has been responsible for fighting housing discrimination that has arisen  
 26 in the wake of Hurricane Katrina and, in recent years, from the effects of the economic  
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1 recession. One of GNOFHAC's goals is the elimination of segregation in housing and the  
2 promotion of residential integration. GNOFHAC has launched multiple educational campaigns  
3 to address housing discrimination designed to teach both consumers and housing professionals  
4 about equality of treatment of neighborhoods, the negative consequences that flow from racial  
5 steering, and the benefits of residential diversity.

6 40. Plaintiff HOPE Fair Housing Center ("HOPE"), established in 1968, is the oldest  
7 fair housing center in Illinois. HOPE is based in Wheaton, Illinois and represents 30 counties in  
8 Northern and North Central Illinois. HOPE works to end the hurt and devastation of housing  
9 discrimination and segregation because of race, color, religion, national origin, sex, disability,  
10 familial status, or any other characteristics protected under state or local laws. One of HOPE's  
11 goals is the elimination of segregation in housing and the promotion of residential integration.  
12 HOPE has launched multiple educational campaigns to address housing discrimination  
13 designed to teach both consumers and housing professionals about equality of treatment of  
14 neighborhoods, the negative consequences that flow from racial steering, and the benefits of  
15 residential diversity.  
16  
17

18 41. Plaintiff Housing Opportunities Made Equal of Virginia ("HOME of Virginia")  
19 is a fair housing and housing counseling organization founded in 1971 to fight discrimination  
20 in housing access. HOME of Virginia offers a variety of programs and services designed to  
21 ensure equal access to housing for all Virginians. One of HOME's goals is the elimination of  
22 segregation in housing and the promotion of residential integration. HOME has launched  
23 multiple educational campaigns to address housing discrimination designed to teach both  
24 consumers and housing professionals about equality of treatment of neighborhoods, the  
25 negative consequences that flow from racial steering, and the benefits of residential diversity.  
26  
27  
28

1           42. Plaintiff Housing Opportunities Project for Excellence, Inc. (“HOPE, Inc.”) is  
2 the first nonprofit fair housing agency organized in the state of Florida and has been  
3 responsible for bringing fair housing discriminatory issues out of the hidden corners of the  
4 housing industry. HOPE, Inc.’s mission to fight housing discrimination in Miami-Dade and  
5 Broward Counties and to ensure equal housing opportunities throughout Florida. One of  
6 HOPE’s goals is the elimination of segregation in housing and the promotion of residential  
7 integration. HOPE has launched multiple educational campaigns to address housing  
8 discrimination designed to teach both consumers and housing professionals about equality of  
9 treatment of neighborhoods, the negative consequences that flow from racial steering, and the  
10 benefits of residential diversity.  
11

12           43. Plaintiff Housing Research & Advocacy Center (“HRAC”) is a private, non-  
13 profit organization, incorporated under the laws of Ohio and located in Cleveland, Ohio. Its  
14 mission is to eliminate housing discrimination and assure choice in Northeast Ohio by  
15 providing those at risk with effective information, intervention, and advocacy. In furthering  
16 this goal, HRAC provides counseling, guidance and support to individuals who encounter  
17 discrimination in their search for housing. This may include investigation of their complaints.  
18 HRAC also engages in activities designed to encourage fair housing practices by educating  
19 consumers of their rights and professionals of their responsibilities under the FHA, identifying  
20 barriers to fair housing in order to counteract and eliminate discriminatory housing practices,  
21 and by working with elected and government representatives to protect and improve fair  
22 housing laws. HRAC also conducts research into housing and lending patterns, and related fair  
23 housing matters, throughout Northeast Ohio in order to educate government officials,  
24 individuals who work in the housing industry, and the public as a whole regarding housing  
25 discrimination and segregation.  
26  
27  
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1           44. Plaintiff Miami Valley Fair Housing Center (“MVFHC”) is a private, nonprofit  
2 corporation based in Dayton, Ohio. MVFHC recognizes the importance of “home” as a  
3 component of the American dream and seeks to eliminate housing discrimination against all  
4 persons because of race, color, religion, national origin, sex, disability, familial status, or any  
5 other characteristic protected under state or local laws. One of MVFHC’s goals is the  
6 elimination of segregation in housing and the promotion of residential integration. MVFHC has  
7 launched multiple educational campaigns to address housing discrimination designed to teach  
8 both consumers and housing professionals about equality of treatment of neighborhoods, the  
9 negative consequences that flow from racial steering, and the benefits of residential diversity.  
10

11           45. Plaintiff Metro Fair Housing Services, Inc. (“Metro”) is a private, nonprofit fair  
12 housing organization whose primary purpose is to prevent housing discrimination in the  
13 metropolitan Atlanta area and throughout the state of Georgia. Metro was founded in 1974 to  
14 promote social justice and eliminate housing and lending inequities for all people, including  
15 those with disabilities, through leadership, education and outreach, public policy advocacy, and  
16 enforcement. One of Metro’s goals is the elimination of segregation in housing and the  
17 promotion of residential integration. Metro has launched multiple educational campaigns to  
18 address housing discrimination designed to teach both consumers and housing professionals  
19 about equality of treatment of neighborhoods, the negative consequences that flow from racial  
20 steering, and the benefits of residential diversity.  
21

22           46. Plaintiff Metropolitan Milwaukee Fair Housing Council (“MMFHC”),  
23 established in 1977, is a private, nonprofit organization that operates a full-service fair housing  
24 program. MMFHC serves numerous counties in Wisconsin and works to combat illegal  
25 housing discrimination by creating and maintaining racially and economically integrated  
26 housing patterns. MMFHC has won numerous awards for its work to eliminate housing  
27  
28



1 discrimination. One of MMFHC's goals is the elimination of segregation in housing and the  
2 promotion of residential integration. MMFHC has launched multiple educational campaigns to  
3 address housing discrimination designed to teach both consumers and housing professionals  
4 about equality of treatment of neighborhoods, the negative consequences that flow from racial  
5 steering, and the benefits of residential diversity.

6 47. Plaintiff North Texas Fair Housing Center ("NTFHC") is a nonprofit  
7 organization dedicated to eliminating housing discrimination in North Texas. The organization  
8 provides counseling, discrimination complaint investigation, and outreach and education  
9 programs with the goal of ensuring that all persons have the opportunity to secure the housing  
10 they desire and can afford. One of NTFHC's goals is the elimination of segregation in housing  
11 and the promotion of residential integration. NTFHC has launched multiple educational  
12 campaigns to address housing discrimination designed to teach both consumers and housing  
13 professionals about equality of treatment of neighborhoods, the negative consequences that  
14 flow from racial steering, and the benefits of residential diversity.  
15  
16

17 48. Plaintiff Open Communities is a nonprofit corporation that serves 17 north  
18 suburban communities in the Chicago, Illinois area. Open Communities works to promote  
19 economically and culturally diverse communities that are welcoming to all in north suburban  
20 Chicago. Open Communities educates, advocates, and organizes in the name of social justice.  
21 One of Open Communities' goals is the elimination of segregation in housing and the  
22 promotion of residential integration. Open Communities has launched multiple educational  
23 campaigns to address housing discrimination designed to teach both consumers and housing  
24 professionals about equality of treatment of neighborhoods, the negative consequences that  
25 flow from racial steering, and the benefits of residential diversity.  
26  
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1           49. Plaintiff South Suburban Housing Center (“SSHC”) is a nonprofit community  
 2 organization that primarily serves the south metropolitan Chicago area including underserved  
 3 areas of northwest Indiana. SSHC is dedicated to eliminating all forms of discrimination in the  
 4 housing market through the operation of fair housing enforcement and affirmative housing  
 5 counseling programs to foster stable, racially and economically, diverse communities. SSHC’s  
 6 primary goal is the elimination of segregation in housing and the promotion of residential  
 7 integration through expanding housing and mortgage lending choices. SSHC has launched  
 8 multiple educational activities to address housing discrimination designed to teach both  
 9 consumers and housing professionals about equality of treatment of neighborhoods, the  
 10 negative consequences that flow from racial steering, and the benefits of residential diversity.

12           50. Plaintiff Toledo Fair Housing Center (“TFHC”) is a public service agency  
 13 operated by Fair Housing Opportunities of Northwest Ohio, Inc., a non-profit corporation  
 14 organized under the laws of the State of Ohio, with its principal place of business in Toledo,  
 15 Ohio. The purposes of the TFHC are to identify and eliminate all forms of unlawful  
 16 discrimination in housing in the greater Toledo area, including discriminatory advertising,  
 17 marketing, and sales practices; to educate the public about housing discrimination laws,  
 18 discriminatory housing practices, and the availability of legal remedies for such discriminatory  
 19 practices; to provide counseling and referral services to the public with respect to housing  
 20 discrimination matters; and to expand equal housing opportunities for all persons.

22           51. All Plaintiffs are “aggrieved persons” within the meaning of the Fair Housing  
 23 Act, and are authorized to commence litigation to obtain appropriate relief against Defendant  
 24 Fannie Mae. 42 U.S.C. §3602, 3612, 3613. All Plaintiffs fall within the zone of interests  
 25 protected by the Fair Housing Act. All Plaintiffs have suffered concrete and particularized  
 26  
 27  
 28

injuries in fact that are fairly traceable to Defendant Fannie Mae's conduct in their communities, and that are likely to be redressed by a favorable judicial decision.

### **B. Defendant**

52. Defendant Federal National Mortgage Association ("Fannie Mae") is a publicly traded company that operates under a congressional charter directing it to increase the availability and affordability of homeownership for low-, moderate- and middle-income Americans. 12 U.S.C. §1716 et seq. Fannie Mae's primary purpose and business activity is to purchase and guarantee home mortgages that meet its funding criteria. Fannie Mae maintains offices throughout the country, including a Regional Office in the State of California.

53. When a mortgage owned by Fannie Mae goes into default and foreclosure, Fannie Mae eventually obtains title to the dwelling securing the mortgage. The property is thereafter referred to as a "Real Estate Owned" or "REO" dwelling. Once a dwelling becomes an REO property, Fannie Mae assumes all duties and responsibilities of ownership, including ordinary maintenance, while it attempts to market the dwelling for sale to the general public. Fannie Mae conducts routine maintenance to preserve the dwelling so it can be sold and can recover the highest and best market price. REO properties are "dwellings" within the meaning of the Fair Housing Act, 42 U.S.C. § 3602.

## **IV. FACTS**

### **A. Defendant Fannie Mae and Its Agents Have Discriminated Against Communities of Color Throughout the Country.**

#### ***a. Fannie Mae's Maintenance of REO Properties***

54. Once Fannie Mae takes title to a REO property, its stated goal is to perform basic and routine maintenance services on the property that are standard in the REO maintenance industry. Fannie Mae conducts such routine maintenance to preserve the dwelling so it can be

1 sold at the highest and best market price. Through its maintenance of its REO properties,  
2 Fannie Mae seeks to ensure that they are appealing to prospective buyers and are ready for  
3 sale. As Fannie Mae states, its strategy is to “maintain each property in [its] inventory at a level  
4 of market-readiness both inside and outside of the property, supporting neighborhood  
5 stabilization.” Fannie Mae is also required to perform maintenance to ensure that each REO  
6 property complies with local codes. To achieve these goals, Fannie Mae has developed its own  
7 REO maintenance checklist.  
8

9 55. The routine exterior maintenance that Fannie Mae is supposed to perform on all  
10 REO properties is objectively measurable, verifiable, and externally visible. Such maintenance  
11 activities include, but are not limited to, mowing, weeding, and edging; trimming shrubs and  
12 trees; removing snow, trash, and debris; securing doors and windows; repairing or replacing  
13 loose handrails and steps; and covering any holes into the dwelling. Under Fannie Mae’s  
14 policies, these routine exterior maintenance functions are supposed to be met readily and  
15 regularly at every REO property, regardless of the condition or location of the property.  
16

17 56. During the period of Plaintiffs’ investigation, Fannie Mae employed only a  
18 small number of agents to perform most of these maintenance functions throughout the entire  
19 country. For example, during the year 2013, Fannie Mae contracted with only three  
20 companies—Safeguard Properties Management, LLC; Cyprex Services, LLC; Asset  
21 Management Specialists, Inc.—to conduct REO maintenance functions in 47 states. In 2014  
22 the number of REO maintenance agents increased to five, serving all 50 states. According to  
23 Fannie Mae’s own published standards, all of Fannie Mae’s REO maintenance agents are  
24 supposed to apply its REO maintenance policies equally across the country, regardless of  
25 property location or racial composition of the neighborhood in which the REO property is  
26 located.  
27  
28

***b. Plaintiffs' Investigation of Fannie Mae's Exterior Maintenance of REO******Properties***

57. In one of the most comprehensive fair housing investigations conducted under the Fair Housing Act, Plaintiffs investigated Defendant's maintenance of REO properties throughout the country from July 2011 to October 2015. The investigation included over 2,300 residential dwellings covered by the Fair Housing Act.

58. Plaintiffs' investigation focused on the following metropolitan areas:

<b>Metropolitan Area</b>	<b>Metropolitan Area</b>
Albuquerque, New Mexico	Louisville, Kentucky
Atlanta, Georgia	Memphis, Tennessee
Baltimore, Maryland	Miami, Florida
Baton Rouge, Louisiana	Milwaukee, Wisconsin
Charleston, South Carolina	Minneapolis, Minnesota
Chicago, Illinois	Muskegon, Michigan
Cleveland, Ohio	New Orleans, Louisiana
Columbus, Ohio	Newark, New Jersey
Dallas, Texas	Orlando, Florida
Dayton, Ohio	Philadelphia, Pennsylvania
Denver, Colorado	Phoenix, Arizona
Ft. Worth, Texas	Providence, Rhode Island
Gary, Indiana	Richmond & Oakland, California
Grand Rapids, Michigan	Richmond, Virginia
Greater Palm Beaches, Florida	San Diego, California
Hartford, Connecticut	Toledo, Ohio
Indianapolis, Indiana	Tucson, Arizona
Kansas City, Missouri	Vallejo, California
Las Vegas, Nevada	Washington, D.C. & Prince George's County, Maryland

59. In each of these 38 metropolitan areas, Plaintiffs identified the zip codes in a given metropolitan area with the highest foreclosure rates that were racially concentrated (*i.e.* were predominantly African-American, Latino, non-white, or white). Plaintiffs then inspected all (100%) of Fannie Mae's REO properties in those zip codes within the same relative time

1 period, unless the properties were already occupied or work appeared to be underway at the  
2 time of the site visits.

3 60. Fannie Mae's ownership of properties was determined by using county property  
4 records, records kept by the clerk of courts, RealtyTrac, Fannie Mae's Homepath website, and  
5 other database sources. The data was also crosschecked with other records in order to verify the  
6 ownership of the homes.

7  
8 61. Plaintiffs evaluated Defendant's treatment of these properties according to  
9 specific exterior maintenance requirements set forth on Fannie Mae's REO maintenance  
10 checklist, which are standard in the REO maintenance industry.<sup>2</sup> According to Fannie Mae's  
11 own requirements, all REO properties must be secured within 5-7 calendar days of vacancy;  
12 initial lawn maintenance and shrub maintenance must be completed within 10 calendar days of  
13 vacancy; and there is no legitimate reason for failing to perform this maintenance for more than  
14 a minimal period of time after foreclosure.

15  
16 62. Plaintiffs' investigators observed, recorded, and photographed the maintenance  
17 condition of Fannie Mae's REO properties with respect to over three dozen exterior factors,  
18 such as accumulation of trash and mail, overgrown grass and shrubbery, unsecured doors,  
19 damaged steps and handrails, windows and fences, and broken or missing signage. Plaintiffs'  
20 investigators recorded their observations. To ensure consistency, investigators utilized a  
21 specific glossary of terminology, using samples to illustrate the components being evaluated.  
22 The glossary accounted for and illustrated variations in severity. The investigators also  
23 photographed the exterior maintenance factors observed. The investigators' reports and  
24 pictures were uploaded into a central database, and each property was assigned a neighborhood  
25  
26  
27

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28 <sup>2</sup> See sample Fannie Mae Maintenance Checklist, attached as Exhibit A.

1 designation based on racial or ethnic makeup of the Census block group in which the address  
2 was located.

3 ***c. The Results of Plaintiffs' Investigation of Fannie Mae's Maintenance of REO***

4 ***Properties (National Findings)***

5 63. Plaintiffs' investigation of Fannie Mae's REO properties across the nation  
6 establishes that Defendant and its agents knowingly and purposefully treated properties  
7 differently depending on the racial composition of the neighborhoods in which the properties  
8 were located. In each of the metropolitan areas visited, the REO properties located in  
9 predominantly white neighborhoods were better maintained and exhibited fewer maintenance  
10 deficiencies than the REO properties located in communities of color. Moreover, the severity  
11 of the exterior maintenance deficiencies observed in communities of color were significantly  
12 worse than for those observed in predominantly white neighborhoods.  
13

14 64. Overall, Plaintiffs documented significant differing treatment in many of the  
15 objective factors evaluated. Plaintiffs' observations support an inference that the differences in  
16 exterior maintenance in predominantly African-American and Latino communities and  
17 predominantly white communities were not the result of chance or happenstance, but rather  
18 were caused by the Defendant's and/or its REO maintenance agents' intent to treat  
19 predominantly African-American and Latino neighborhoods differently. Fannie Mae was  
20 provided photographic evidence from the Plaintiffs clearly showing the failed maintenance in  
21 specific neighborhoods of color compared with standard maintenance in White neighborhoods  
22 in the same cities/metro areas—and even within the same census tracts—and still refused to  
23 change its policies or practices. And regardless of Defendant's and/or its agents' intent,  
24 Plaintiffs' observations support a finding that Defendant's and/or its agents' policies and  
25  
26  
27  
28

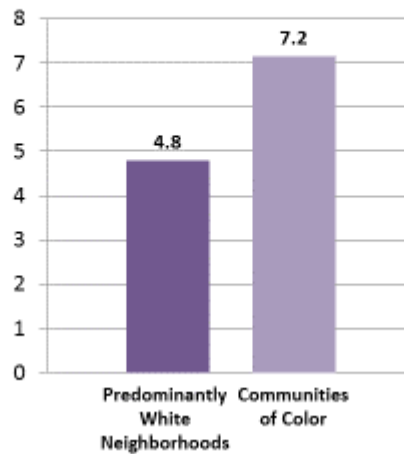


1 practices are the proximate cause of the resulting discriminatory effects experienced by  
2 neighborhoods of color. For example:

- 3 a. 52.8% of the Fannie Mae REO properties in predominantly white neighborhoods  
4 had fewer than 5 maintenance or marketing deficiencies, while only 23.6% of the  
5 Fannie Mae REO properties in communities of color had fewer than 5  
6 deficiencies.  
7
- 8 b. 39.0% of the Fannie Mae REO properties in communities of color had trash  
9 visible on the property, while only 14.9% of the Fannie Mae REO properties in  
10 predominantly white neighborhoods had trash visible on the property.
- 11 c. 24.9% of the Fannie Mae REO properties in communities of color had unsecured  
12 or broken doors, while only 11.1% of the Fannie Mae REO properties in  
13 predominantly white neighborhoods had unsecured or broken doors.  
14
- 15 d. 18.3% of the Fannie Mae REO properties in communities of color had damaged  
16 steps and handrails on the property, while only 8.9% of the Fannie Mae REO  
17 properties in predominantly white neighborhoods had damaged steps and  
18 handrails on the property.
- 19 e. 41.5% of the Fannie Mae REO properties in communities of color had damaged,  
20 boarded, or unsecured windows, while only 19.1% of the Fannie Mae REO  
21 properties in predominantly white neighborhoods had damaged, boarded, or  
22 unsecured windows.  
23
- 24 f. 15.3% of the Fannie Mae REO properties in communities of color had broken or  
25 hanging gutters, while only 7.0% of the Fannie Mae REO properties in  
26 predominantly white neighborhoods had broken or hanging gutters.  
27  
28

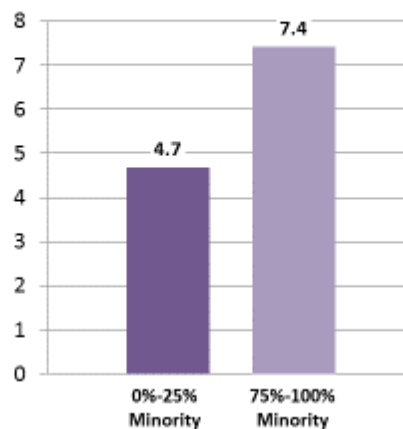
65. Statistical analysis of Plaintiffs' evidence shows a large difference in the average number of deficiencies between communities of color and predominantly white neighborhoods. The average number of deficiencies in communities of color is 7.2, but the average in predominantly white neighborhoods is only 4.8.

Average Number of Deficiencies



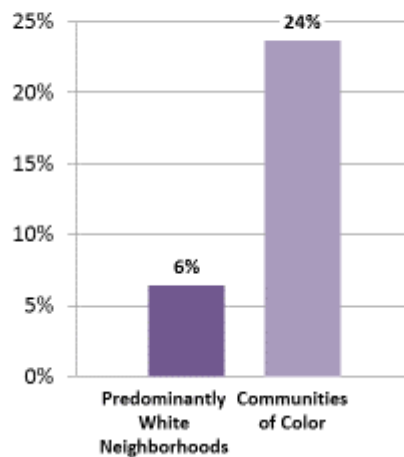
66. Similarly, the average number of deficiencies in neighborhoods that are over 75% minority is 7.4, while the average in neighborhoods that are less than 25% minority is only 4.7.

Average Number of Deficiencies



67. Further demonstrating the outsized role of race in connection with Fannie Mae's REO maintenance efforts, properties with a large number of deficiencies were disproportionately concentrated in communities of color. 24% of properties in communities of color—but only 6% of those in predominantly white neighborhoods—had ten or more deficiencies.

### 10 or More Deficiencies



68. All of the disparities identified in paragraphs 63 through 65 are statistically significant at a 99% confidence level ( $p < 0.01$ ).<sup>3</sup>

69. These disparities in treatment are not explained or caused by any other non-racial factors. To the contrary, a regression analysis of the data collected by Plaintiffs confirms that the disparities in Fannie Mae's REO maintenance are attributable to neighborhood racial composition, not to non-racial factors, and that the role of race in determining the difference in disparities is statistically significant.

70. Plaintiffs' regression analysis incorporated publicly available data from across the country in locations where Plaintiffs investigated Fannie Mae's maintenance practices. The

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<sup>3</sup> This is based on a two-tailed t test.

1 data concerned both the individual properties and the areas in which they are located.

2 Specifically, the data included prior sales dates and prices; additional property transfer history;  
3 local crime statistics based on FBI standards; local housing market data; property age; dwelling  
4 size; lot size; how long properties had been in Fannie Mae's REO inventory at the time of the  
5 site visit; and property values.

6 71. The results of the regression analyses establish that even after taking into account  
7 these non-racial factors, the maintenance deficiencies existing at Fannie Mae REO properties  
8 in communities of color remain greater than the maintenance deficiencies existing at Fannie  
9 Mae REO properties in predominantly white communities, and that the differences remain  
10 statistically significant.

12 72. With respect to the average number of deficiencies at Fannie Mae's REO  
13 properties in communities of color and predominantly white neighborhoods, respectively, 60%  
14 of the difference cannot be explained by the many non-racial factors included in Plaintiffs'  
15 regression analyses.

17 73. With respect to the average number of deficiencies at properties in  
18 neighborhoods that are over 75% minority and less than 25% minority, respectively, 59% of  
19 the difference cannot be explained by the non-racial factors.

20 74. Similarly, 65% of the difference in the likelihood that a property in a  
21 communities of color had ten or more deficiencies, as compared to a property in a  
22 predominantly white neighborhood, is unexplained by the non-racial factors in Plaintiffs'  
23 regression analyses.

25 75. These examples of statistical disparities are merely representative of the  
26 numerous forms of data establishing the differential treatment of communities of color as  
27 compared to predominantly white neighborhoods.

28

1           76. Plaintiffs' regression analyses demonstrate that the remaining disparities  
2 identified in paragraphs 70 to 72 are attributable to neighborhood racial composition. These  
3 remaining disparities due to neighborhood race are statistically significant at a 99% or higher  
4 confidence level ( $p < 0.01$ ).

5           77. As explained more fully below, the evidence accumulated by Plaintiffs  
6 establishes that the disparity between Fannie Mae's treatment of communities of color and  
7 white neighborhoods can only be explained by race.  
8

9           78. The differences in maintenance at Defendant's REO properties is consistent in  
10 metropolitan areas regardless of their location in the country. They are consistent regardless of  
11 which of Defendant's agents was contractually responsible for maintenance in that  
12 metropolitan area. Whether analyzed on a national or a metropolitan area basis, the same  
13 pattern of discriminatory treatment is evident. The consistent and repetitive pattern of  
14 discriminatory treatment across cities and over the span of time indicates that Defendant's  
15 practices are the intended and purposeful result of its REO maintenance agents' intentional  
16 behavior, and/or the result of policies and practices set at a management level with  
17 responsibility for Defendant's policies nationwide.  
18

19           79. Defendant's different treatment of REO properties based on the predominant  
20 race or ethnicity of neighborhoods is consistent and continuous throughout the period of  
21 Plaintiffs' investigation. Whether analyzed on a year-to-year basis or over the entire period of  
22 investigation, the same pattern of differential treatment is evident and constitutes a continuing  
23 violation of the Fair Housing Act.  
24  
25  
26  
27  
28

**B. Defendant Has Engaged in a Pattern and Practice of Systemic Racial  
Discrimination In Each of the Cities Served by Plaintiffs.**

80. In 38 metropolitan areas, Plaintiffs examined Fannie Mae REO properties that were similarly situated, that were observed during the same time period, and that were serviced by the same servicer, but were nevertheless strikingly different in the level of maintenance they received. This pattern remained the same across all 38 metropolitan areas. Taken together, it is clear that Defendant maintained and treated such properties differently based on the racial composition of the neighborhood. In each of the 38 metropolitan areas throughout the United States investigated by Plaintiffs, the general pattern of discrimination and differing treatment based on the predominant race or national origin of neighborhoods is evident. In each of the 38 metropolitan areas investigated by Plaintiffs, a comparison of similarly situated REO properties shows that the Defendant maintained and treated such properties differently based on the racial composition of the neighborhood.

*Albuquerque, NM*

81. In Albuquerque, NM:

a. On July 19, 2015, Plaintiffs visited Defendant's REO property located at 4508 Holiday Breeze Pl NE, Albuquerque, NM 87111. This property is located in a census block group with a white population of 65.69%. This property had 1 maintenance deficiency: a bird's nest in a gutter.

b. On July 19, 2015, Plaintiffs visited Defendant's REO property located at 7605 Blue Avena Ave SW, Albuquerque, NM 87121. This property is located in a census block group with a Hispanic population of 87.25%. This property had 11 maintenance deficiencies, including: a missing for sale sign, dead shrubbery, graffiti

1 outside and inside property, a boarded window, invasive plants, overgrown weeds,  
2 debris/trash, and a damaged fence.

3 c. At the time of Plaintiffs' investigation, both of these properties were  
4 maintained by the same Fannie Mae subcontractor/agent, Truly Noble Services.

5 82. The foregoing facts showing differing maintenance and differing treatment based  
6 on neighborhood racial composition of otherwise similarly situated REO properties are just  
7 some examples of the evidence of Defendant's behavior adduced by Plaintiffs in Albuquerque,  
8 NM. Overall, REO properties in predominantly white neighborhoods in the Albuquerque, NM,  
9 metropolitan area were far more likely to have a small number of maintenance deficiencies or  
10 problems than REO properties in communities of color, while REO properties in communities  
11 of color were far more likely to have large numbers of such deficiencies or problems than those  
12 in predominantly white neighborhoods. For example, and without listing all examples of  
13 differing maintenance because of race, the evidence that Plaintiffs gathered in the  
14 Albuquerque, NM metropolitan area shows:  
15

16 a. 66.7% of the Fannie Mae REO properties in predominantly white neighborhoods  
17 had fewer than 5 maintenance or marketing deficiencies, while only 27.8% of the  
18 Fannie Mae REO properties in communities of color had fewer than 5  
19 deficiencies.  
20

21 b. 72.2% of the Fannie Mae REO properties in communities of color had 5 or more  
22 maintenance or marketing deficiencies, while only 33.3% of the Fannie Mae  
23 REO properties in predominantly white neighborhoods had 5 or more  
24 maintenance or marketing deficiencies.  
25

26 c. 38.9% of the Fannie Mae REO properties in communities of color had 10 or more  
27 maintenance or marketing deficiencies, while none of the Fannie Mae REO  
28



1 properties in predominantly white neighborhoods had 10 or more maintenance or  
2 marketing deficiencies.

3 d. 11.1% of the Fannie Mae REO properties in communities of color had trash  
4 visible on the property, while none of the Fannie Mae REO properties in  
5 predominantly white neighborhoods had trash visible on the property.

6 e. 83.3% of the Fannie Mae REO properties in communities of color had overgrown  
7 or dead shrubbery on the property, while only 16.7% of the Fannie Mae REO  
8 properties in predominantly white neighborhoods had overgrown or dead  
9 shrubbery on the property.

10 f. 44.4% of the Fannie Mae REO properties in communities of color had unsecured  
11 or broken doors allowing unfettered access to the interior, while only 16.7% of  
12 the Fannie Mae REO properties in predominantly white neighborhoods had  
13 unsecured or broken doors allowing unfettered access to the interior.

14 g. 33.3% of the Fannie Mae REO properties in communities of color had damaged  
15 or boarded windows, while none of the Fannie Mae REO properties in  
16 predominantly white neighborhoods had damaged or boarded windows.

17 h. 66.7% of the Fannie Mae REO properties in communities of color displayed a no  
18 trespassing or warning sign on the property, while only 33.3% of the Fannie Mae  
19 REO properties in predominantly white neighborhoods displayed a no  
20 trespassing or warning sign on the property.

21 i. 50.0% of the Fannie Mae REO properties in communities of color had peeled or  
22 chipped paint, while none of the Fannie Mae REO properties in predominantly  
23 white neighborhoods had peeled or chipped paint.

Atlanta, GA

83. In Atlanta, GA:

a. On October 27, 2014, Plaintiffs visited Defendant's REO property located at 410 Utoy Circle, Atlanta, GA 30331. This property is located in a census block group with an African-American population of 96.32%. This property exhibited the following maintenance deficiencies: an insect infestation, obstructed and broken gutters, missing steps and handrails, an overgrown backyard, a damaged soffit, graffiti, and a broken mailbox.



b. On November 1, 2014, Plaintiffs visited Defendant's REO property located at 3493 Canadian Way, Tucker, GA 30084. This property is located in a census block group with a white population of 55.3%. This property exhibited only 1 maintenance deficiency: accumulated mail.



c. At the time of Plaintiffs' investigation, both of these properties were maintained by the same Fannie Mae subcontractor/agent, Asset Management Specialists, Inc.

84. The foregoing facts showing differing maintenance and differing treatment based on neighborhood racial composition of otherwise similarly situated REO properties is just one example of the evidence of Defendant's differing treatment adduced by Plaintiffs in Atlanta, GA. Overall, REO properties in predominantly white neighborhoods in the Atlanta, GA, metropolitan area were far more likely to have a small number of maintenance deficiencies or problems than REO properties in communities of color, while REO properties in communities

1 of color were far more likely to have large numbers of such deficiencies or problems than those  
2 in predominantly white neighborhoods. For example, and without listing all examples of  
3 differing maintenance because of race or national origin, the evidence that Plaintiffs gathered  
4 in the Atlanta, GA metropolitan area shows:

- 5 a. 61.5% of the Fannie Mae REO properties in predominantly white neighborhoods  
6 had fewer than 5 maintenance or marketing deficiencies, while only 10.0% of the  
7 Fannie Mae REO properties in communities of color had fewer than 5  
8 deficiencies.  
9
- 10 b. 90.0% of the Fannie Mae REO properties in communities of color had 5 or more  
11 maintenance or marketing deficiencies, while only 38.5% of the Fannie Mae  
12 REO properties in predominantly white neighborhoods had 5 or more  
13 maintenance or marketing deficiencies.  
14
- 15 c. 25.0% of the Fannie Mae REO properties in communities of color had 10 or more  
16 maintenance or marketing deficiencies, while only 3.8% of the Fannie Mae REO  
17 properties in predominantly white neighborhoods had 10 or more maintenance or  
18 marketing deficiencies.
- 19 d. 17.5% of the Fannie Mae REO properties in communities of color had trash  
20 visible on the property, while only 3.8% of the Fannie Mae REO properties in  
21 predominantly white neighborhoods had trash visible on the property.  
22
- 23 e. 40.0% of the Fannie Mae REO properties in communities of color had overgrown  
24 or dead shrubbery on the property, while only 11.5% of the Fannie Mae REO  
25 properties in predominantly white neighborhoods had overgrown or dead  
26 shrubbery on the property.  
27  
28

f. 32.5% of the Fannie Mae REO properties in communities of color had damaged or boarded windows, while only 15.4% of the Fannie Mae REO properties in predominantly white neighborhoods had damaged or boarded windows.

g. 50.0% of the Fannie Mae REO properties in communities of color displayed a no trespassing or warning sign on the property, while only 26.9% of the Fannie Mae REO properties in predominantly white neighborhoods displayed a no trespassing or warning signs on the property.

h. 55.0% of the Fannie Mae REO properties in communities of color had peeling or chipped paint, while 26.9% of the Fannie Mae REO properties in predominantly white neighborhoods had peeling or chipped paint.

#### *Baltimore, MD*

85. In Baltimore, MD:

a. On October 14, 2014, Plaintiffs visited Defendant's REO property located at 3134 Northway Drive, Parkville, MD 21234. This property is located in a census block group with a white population of 57.29%. This property had 3 maintenance deficiencies: telephone books left on the porch, overgrown grass, and a broken mailbox.



b. On October 14, 2014, Plaintiffs visited Defendant's REO property located at 1842 Loch Shiel Rd, Parkville, MD 21234. This property is located in a census block group with a majority non-white population of 51.08%. This property exhibited 8 maintenance deficiencies: a missing for sale sign, overgrown grass, an uncovered hole in the front door, litter/trash, a code violation notice for weeds/grass, and a dead tree branch leaning on roof.



c. At the time of Plaintiffs' investigation, both of these properties were maintained by the same Fannie Mae subcontractor/agent, Safeguard Properties Management, LLC.

86. The foregoing facts showing differing maintenance and differing treatment based on neighborhood racial composition of otherwise similarly situated REO properties is just one example of the evidence of Defendant's differing treatment adduced by Plaintiffs in Baltimore, MD. Overall, REO properties in predominantly white neighborhoods in the Baltimore, MD, metropolitan area were far more likely to have a small number of maintenance deficiencies or problems than REO properties in communities of color, while REO properties in communities of color were far more likely to have large numbers of such deficiencies or problems than those in predominantly white neighborhoods. For example, and without listing all examples of differing maintenance because of race or national origin, the evidence that Plaintiffs gathered in the Baltimore, MD metropolitan area shows:

a. 31.4% of the Fannie Mae REO properties in communities of color had 10 or more maintenance or marketing deficiencies, while only 16.7% of the Fannie Mae REO properties in predominantly white neighborhoods had 10 or more maintenance or marketing deficiencies.

b. 45.7% of the Fannie Mae REO properties in communities of color had trash visible on the property, while only 20.0% of the Fannie Mae REO properties in predominantly white neighborhoods had trash visible on the property.

c. 37.1% of the Fannie Mae REO properties in communities of color had missing or out-of-place gutters, while only 13.3% of the Fannie Mae REO properties in predominantly white neighborhoods had missing or out-of-place gutters.

d. 17.1% of the Fannie Mae REO properties in communities of color had broken or hanging gutters, while none of the Fannie Mae REO properties in predominantly white neighborhoods had broken or hanging gutters.

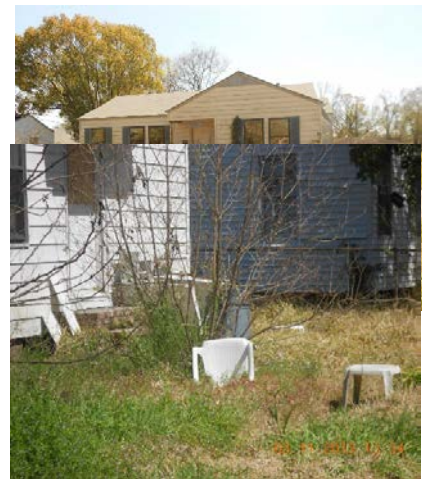
e. 62.9% of the Fannie Mae REO properties in communities of color had overgrown or dead shrubbery, while only 26.7% of the Fannie Mae REO properties in predominantly white neighborhoods had dead or overgrown shrubbery

f. 40% of the Fannie Mae REO properties in communities of color had holes in the structure, while only 16.7% of the Fannie Mae properties in predominantly white neighborhoods had holes in the structure.

#### *Baton Rouge, LA*

87. In Baton Rouge, LA:

a. On March 11, 2013, Plaintiffs visited Defendant's REO property located at 4048 Clayton Drive, Baton Rouge, LA 70805. This property is located in a census block group with an African-American population of 94.89%. This property had 12 maintenance deficiencies, including: overgrown grass, dead grass, accumulated mail, invasive plants,





1 loose/hanging siding, trash, boarded windows, overgrown weeds, damaged steps, and  
 2 an overgrown front walkway.

3 b. On March 13, 2013, Plaintiffs visited Defendant's REO property located at  
 4 36447 Crestway Ave., Prairieville, LA 70769. This  
 5 property is located in a census block group with a  
 6 white population of 78.52%. This property had only 1  
 7 maintenance deficiency: a damaged wooden platform  
 8 left in the backyard.  
 9



10 c. At the time of Plaintiffs' investigation, both of these properties were  
 11 maintained by the same Fannie Mae subcontractor/agent, Safeguard Properties  
 12 Management, LLC.

13 88. The foregoing facts showing differing maintenance and differing treatment based  
 14 on neighborhood racial composition of otherwise similarly situated REO properties is just one  
 15 example of the evidence of Defendant's differing treatment adduced by Plaintiffs in Baton  
 16 Rouge, LA. Overall, REO properties in predominantly white neighborhoods in Baton Rouge,  
 17 LA, were far more likely to have a small number of maintenance deficiencies or problems than  
 18 REO properties in communities of color, while REO properties in communities of color were  
 19 far more likely to have large numbers of such deficiencies or problems than those in  
 20 predominantly white neighborhoods. For example, and without listing all examples of differing  
 21 maintenance because of race or national origin, the evidence that Plaintiffs gathered in Baton  
 22 Rouge, LA shows:  
 23  
 24

25 a. 55.6% of the Fannie Mae REO properties in predominantly white neighborhoods  
 26 had fewer than 5 maintenance or marketing deficiencies, while none of the  
 27 Fannie Mae REO properties in communities of color had fewer than 5  
 28



1 maintenance or marketing deficiencies.

- 2 b. 44.4% of the Fannie Mae REO properties in predominantly white neighborhoods  
3 had 5 or more maintenance or marketing deficiencies, while 100% of the Fannie  
4 Mae REO properties in communities of color had 5 or more maintenance or  
5 marketing deficiencies.
- 6 c. 63.6% of the Fannie Mae REO properties in communities of color had trash  
7 visible in the property, while none of the Fannie Mae REO properties in  
8 predominantly white neighborhoods had trash visible in the property.
- 9 d. 45.5% of the Fannie Mae REO properties in communities of color had damaged  
10 siding, while only 11.1% of the Fannie Mae REO properties in predominantly  
11 white neighborhoods had damaged siding.
- 12 e. 81.8% of the Fannie Mae REO properties in communities of color had 10%-50%  
13 of the lawn covered in dead grass, while only 22.2% of the Fannie Mae REO  
14 properties in predominantly white neighborhoods had 10%-50% of the lawn  
15 covered in dead grass.  
16  
17

18 *Charleston, SC*

19 89. In Charleston, SC:

- 20 a. On July 17, 2012, Plaintiffs visited  
21 Defendant's REO property located at 5906 Hagood  
22 Avenue, Hanahan, SC 29410. This property is located  
23 in a census block group with a white population of  
24 60.38%. This property had only 2 maintenance  
25 deficiencies: dead grass and a small amount of mold.  
26  
27  
28



b. On July 17, 2012, Plaintiffs visited Defendant's REO property located at 2226 Bailey Drive, North Charleston SC 29405. This property is located in a census block group with an African-American population of 90.55%. This property had 10 maintenance deficiencies: overgrown grass, an overgrown shrubbery, damaged doors, boarded windows, a boarded foundation, wood rot, holes in the structure of the home, peeling and chipped paint, damaged siding, and a small amount of mold.



c. At the time of Plaintiffs' investigation, both of these properties were maintained by the same Fannie Mae subcontractor/agent, Safeguard Properties Management, LLC.

90. The foregoing facts showing differing maintenance and differing treatment based on neighborhood racial composition of otherwise similarly situated REO properties is just one example of the evidence of Defendant's differing treatment adduced by Plaintiffs in Charleston, SC. Overall, REO properties in predominantly white neighborhoods in Charleston, SC, were far more likely to have a small number of maintenance deficiencies or problems than REO properties in communities of color, while REO properties in communities of color were far more likely to have large numbers of such deficiencies or problems than those in predominantly white neighborhoods. For example, and without listing all examples of differing maintenance because of race or national origin, the evidence that Plaintiffs gathered in Charleston, SC shows:

a. 77.8% of the Fannie Mae REO properties in predominantly white neighborhoods had fewer than 5 maintenance or marketing deficiencies, while only 25.0% of the

1 Fannie Mae REO properties in communities of color had fewer than 5  
2 maintenance or marketing deficiencies.

3 b. 50.0% of the Fannie Mae REO properties in communities of color had 10 or more  
4 maintenance or marketing deficiencies, while none of the Fannie Mae REO  
5 properties in predominantly white neighborhoods had 10 or more maintenance  
6 deficiencies or problems.

7  
8 c. 50.0% of the Fannie Mae REO properties in communities of color had unsecured  
9 or broken doors and locks, while none of the Fannie Mae REO properties in  
10 predominantly white neighborhoods had unsecured or broken doors and locks.

11 d. 50.0% of the Fannie Mae REO properties in communities of color had overgrown  
12 grass and leaves, while none of the Fannie Mae REO properties in predominantly  
13 white neighborhoods had overgrown grass and leaves.

14 e. 50.0% of the Fannie Mae REO properties in communities of color had overgrown  
15 or dead shrubbery, while none of the Fannie Mae REO properties in  
16 predominantly white neighborhoods had overgrown or dead shrubbery.

17  
18 f. 50.0% of the Fannie Mae REO properties in communities of color had wood rot,  
19 while only 22.2% of Fannie Mae REO properties in predominantly white  
20 neighborhoods had wood rot.

*Chicago, IL*

91. In the Chicago, IL metropolitan area:

a. On October 31, 2014, Plaintiffs visited Defendant's REO property located at 16740 Oleander Ave, Tinley Park, IL 60477. This property is located in a census block group with a white population of 87.75%. This property had only 1 maintenance deficiency: a hole in the fence.



b. On October 31, 2014, Plaintiffs visited Defendant's REO property located at 7351 S University Ave, Chicago, IL 60619. This property is located in a census block group with an African-American population of 96.93%. This property had 13 maintenance deficiencies: trash, an extremely overgrown back yard, boarded front and back doors, obstructed gutters, broken gutters, it was marketed as a distressed home, dead branches and leaves, invasive plants, and weeds.



c. At the time of Plaintiffs' investigation, both of these properties were maintained by the same Fannie Mae subcontractor/agent, Safeguard Properties Management, LLC.

92. The foregoing facts showing differing maintenance and differing treatment based on neighborhood racial composition of otherwise similarly situated REO properties is just one example of the evidence of Defendant's differing treatment adduced by Plaintiffs in the Chicago metropolitan area. Overall, REO properties in predominantly white neighborhoods in the Chicago, IL metropolitan area were far more likely to have a small number of maintenance deficiencies or problems than REO properties in communities of color, while REO properties

1 in communities of color were far more likely to have large numbers of such deficiencies or  
2 problems than those in predominantly white neighborhoods. For example, and without listing  
3 all examples of differing maintenance because of race or national origin, the evidence that  
4 Plaintiffs gathered in the Chicago, IL metropolitan area shows:

- 5 a. 75.7% of the Fannie Mae REO properties in communities of color had 5 or more  
6 maintenance deficiencies or problems, while 47.8% of the Fannie Mae REO  
7 properties in predominantly white neighborhoods had 5 or more maintenance  
8 deficiencies or problems.  
9
- 10 b. 17.9% of the Fannie Mae REO properties in communities of color had damaged  
11 steps and handrails, while only 7.2% of the Fannie Mae REO properties in  
12 predominantly white neighborhoods had damaged steps and handrails.
- 13 c. 13.3% of the Fannie Mae REO properties in communities of color had utilities  
14 that were exposed or tampered with, while only 7.8% of the Fannie Mae REO  
15 properties in predominantly white neighborhoods had utilities that were exposed  
16 or tampered with.  
17
- 18 d. 11.6% of the Fannie Mae REO properties in communities of color had broken or  
19 hanging gutters, while only 4.4% of the Fannie Mae REO properties in  
20 predominantly white neighborhoods had broken or hanging gutters.
- 21 e. 36.4% of the Fannie Mae REO properties in communities of color had broken or  
22 boarded windows, while only 15.0% of the Fannie Mae REO properties in  
23 predominantly white neighborhoods had broken or boarded windows.  
24  
25  
26  
27  
28

*Cleveland, OH*

93. In Cleveland, OH:

a. On October 8, 2014, Plaintiffs visited Defendant's REO property located at 12418 Garland Ave., Cleveland, OH 44125. This property is located in a census block group with a white population of 65.83%. This property had only 1 maintenance deficiency: broken window panel on garage.



b. On October 8, 2014, Plaintiffs visited Defendant's REO property located at 381 East 160th Street, Cleveland, OH 44110. This property is located in a census block group with an African-American population of 85.29%. This property had 11 maintenance deficiencies: unsecured doors, broken windows, tree falling in back yard, damaged gutters, damaged steps, peeling paint, discoloration, and mold on foundation.



c. At the time of Plaintiffs' investigation, both of these properties were maintained by the same Fannie Mae subcontractor/agent, Safeguard Properties Management, LLC.

94. The foregoing facts showing differing maintenance and differing treatment based on neighborhood racial composition of otherwise similarly situated REO properties is just one example of the evidence of Defendant's differing treatment adduced by Plaintiffs in Cleveland, OH. Overall, REO properties in predominantly white neighborhoods in Cleveland, OH were far more likely to have a small number of maintenance deficiencies or problems than REO properties in communities of color, while REO properties in communities of color were far more likely to have large numbers of such deficiencies or problems than those in predominantly white neighborhoods. For example, and without listing all examples of differing

1 maintenance because of race or national origin, the evidence that Plaintiffs gathered in  
2 Cleveland, OH shows:

- 3 a. 93.3% of the Fannie Mae REO properties in communities of color had 5 or more  
4 maintenance deficiencies or problems, while only 58.6% of the Fannie Mae REO  
5 properties in predominantly white neighborhoods had 5 or more maintenance  
6 deficiencies or problems.  
7
- 8 b. 40.0% of the Fannie Mae REO properties in communities of color had 10 or more  
9 maintenance deficiencies or problems, while only 6.9% of the Fannie Mae REO  
10 properties in predominantly white neighborhoods had 10 or more maintenance  
11 deficiencies or problems.  
12
- 13 c. 80.0% of the Fannie Mae REO properties in communities of color had damaged  
14 siding, while only 34.5% of the Fannie Mae REO properties in predominantly  
15 white neighborhoods had damaged siding.  
16
- 17 d. 40.0% of the Fannie Mae REO properties in communities of color had wood rot,  
18 while only 13.8% of the Fannie Mae REO properties in predominantly white  
19 neighborhoods had wood rot.  
20
- 21 e. 33.3% of the Fannie Mae REO properties in communities of color had holes in  
22 the structure, while only 17.2% of the Fannie Mae REO properties in  
23 predominantly white neighborhoods had holes in the structure.  
24
- 25 f. 53.3% of the Fannie Mae REO properties in communities of color had a damaged  
26 roof, while only 13.8% of the Fannie Mae REO properties in predominantly  
27 white neighborhoods had a damaged roof.  
28



1 g. 46.7% of the Fannie Mae REO properties in communities of color had trash on  
2 the property, while only 3.4% of the Fannie Mae REO properties in  
3 predominantly white neighborhoods had trash on the property.

4 *Columbus, OH*

5 95. In Columbus, OH:

6 a. On October 8, 2014, Plaintiffs visited Defendant's REO property located at  
7 150 Yehlshire Dr., Galloway, OH 43119. This property is located in a census block  
8 group with a white population of 80.21%. This property had only 2 maintenance  
9 deficiencies: warning sign and missing gate.  
10

11 b. On October 8, 2014, Plaintiffs visited Defendant's REO property located at  
12 941 S. 22nd St., Columbus, OH 43206. This property is located in a census block group  
13 with an African-American population of 64.55%. This property had 15 maintenance  
14 deficiencies: missing for sale sign, a boarded side door, boarded windows, a damaged  
15 fence, trash, overgrown shrubs, invasive plants, a broken mailbox, and uncovered holes  
16 in structure and on the porch.  
17

18 c. At the time of Plaintiffs' investigation, both of these properties were  
19 maintained by the same Fannie Mae subcontractor/agent, Safeguard Properties  
20 Management, LLC.

21 96. The foregoing facts showing differing maintenance and differing treatment based  
22 on neighborhood racial composition of otherwise similarly situated REO properties is just one  
23 example of the evidence of Defendant's differing treatment adduced by Plaintiffs in Columbus,  
24 OH. Overall, REO properties in predominantly white neighborhoods in Columbus, OH were  
25 far more likely to have a small number of maintenance deficiencies or problems than REO  
26 properties in communities of color, while REO properties in communities of color were far  
27  
28

1 more likely to have large numbers of such deficiencies or problems than those in  
2 predominantly white neighborhoods. For example, and without listing all examples of differing  
3 maintenance because of race or national origin, the evidence that Plaintiffs gathered in  
4 Columbus, OH shows:

- 5 a. 40.9% of the Fannie Mae REO properties in predominantly white neighborhoods  
6 had fewer than 5 maintenance deficiencies or problems, while none of the Fannie  
7 Mae REO properties in communities of color had fewer than 5 maintenance  
8 deficiencies or problems.  
9
- 10 b. 75.0% of the Fannie Mae REO properties in communities of color had 10 or more  
11 maintenance deficiencies or problems, while only 9.1% of the Fannie Mae REO  
12 properties in predominantly white neighborhoods had 10 or more maintenance  
13 deficiencies or problems.  
14
- 15 c. 75.0% of the Fannie Mae REO properties in communities of color had holes in  
16 the structure, while none of the Fannie Mae REO properties in communities of  
17 color had holes in the structure.
- 18 d. 87.5% of the Fannie Mae REO properties in communities of color had wood rot,  
19 while only 4.5% of the Fannie Mae REO properties in predominantly white  
20 neighborhoods had wood rot.
- 21 e. 25.0% of the Fannie Mae REO properties in communities of color had 50% or  
22 more of the property covered in invasive plants, while none of the Fannie Mae  
23 REO properties in predominantly white neighborhoods had 50% or more of the  
24 property covered in invasive plants.  
25  
26  
27  
28

1 f. 12.5% of the Fannie Mae REO properties in communities of color had graffiti,  
 2 while none of the Fannie Mae REO properties in predominantly white  
 3 neighborhoods had graffiti.

4 g. 25.0% of the Fannie Mae REO properties in communities of color had broken on  
 5 hanging gutters, while none of the Fannie Mae REO properties in predominantly  
 6 white neighborhoods had broken or hanging gutters.

7  
 8 *Dallas, TX*

9 97. In Dallas, TX:

10 a. On June 10, 2014, Plaintiffs visited  
 11 Defendant's REO property located at 1909 Water Fall  
 12 Way, Wylie, TX 75098. This property is located in a  
 13 census block group with a white population of 67.19%.  
 14 This property had only 2 maintenance deficiencies:  
 15 dead grass and a trespassing or warning sign.



16  
 17 b. On June 12, 2014, Plaintiffs visited Defendant's REO property located at  
 18 6407 Lovett Avenue, Dallas, TX 75227. This property is located in a census block  
 19 group with a Hispanic population of 84.76%. This  
 20 property had 12 maintenance deficiencies:  
 21 accumulated mail, overgrown shrubbery, dead grass,  
 22 invasive plants, an unsecured door, a broken window,  
 23 a damaged roof, a dilapidated shed, no professional "for sale" sign marketing the home,  
 24 peeling and chipped paint, a damaged carport pole, and a small amount of mold.



c. At the time of Plaintiffs' investigation, both of these properties were maintained by the same Fannie Mae subcontractor/agent, Asset Management Specialists, Inc.

98. The foregoing facts showing differing maintenance and differing treatment based on neighborhood racial composition of otherwise similarly situated REO properties is just one example of the evidence of Defendant's differing treatment adduced by Plaintiffs in Dallas, TX. Overall, REO properties in predominantly white neighborhoods in Dallas, TX were far more likely to have a small number of maintenance deficiencies or problems than REO properties in communities of color, while REO properties in communities of color were far more likely to have large numbers of such deficiencies or problems than those in predominantly white neighborhoods. For example, and without listing all examples of differing maintenance because of race or national origin, the evidence that Plaintiffs gathered in Dallas, TX shows:

- a. 75.0% of the Fannie Mae REO properties in predominantly white neighborhoods had fewer than 5 maintenance deficiencies or problems, while only 28.6% of the Fannie Mae REO properties in communities of color had fewer than 5 maintenance deficiencies or problems.
- b. 28.6% of the Fannie Mae REO properties in communities of color had trash visible on the property, while none of the Fannie Mae REO properties in predominantly white neighborhoods had trash visible on the property.
- c. 33.3% of the Fannie Mae REO properties in communities of color had damaged steps and handrails, while none of the Fannie Mae REO properties in predominantly white neighborhoods had damaged steps and handrails.

d. 28.6% of the Fannie Mae REO properties in communities of color had broken or boarded windows, while none of the Fannie Mae REO properties in predominantly white neighborhoods had broken or boarded windows.

e. 33.3% of the Fannie Mae REO properties in communities of color had holes in the structure, while none of the Fannie Mae properties in predominantly white neighborhoods had holes in the structure.

f. 42.9% of the Fannie Mae REO properties in communities of color had overgrown or dead shrubbery, while only 8.3% of the Fannie Mae REO properties in predominantly white neighborhoods had overgrown or dead shrubbery.

g. 61.9% of the Fannie Mae REO properties in communities of color had peeling or chipped paint, while only 33.3% of the Fannie Mae REO properties in predominantly white neighborhoods had peeling or chipped paint.

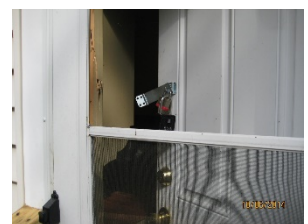
*Dayton, OH*

99. In Dayton, OH:

a. On October 6, 2014, Plaintiffs visited Defendant's REO property located at 3495 Cottage Point Way, Dayton, OH 43449. This property is located in a census block group with a white population of 83.46%. This property had only 1 maintenance deficiency: damage to siding.



b. On October 6, 2014, Plaintiffs visited Defendant's REO property located at 451 Grafton Ave, Dayton, OH 43406. This property is located in a census block group with a majority non-white population of 78.9%. This property had 13 maintenance deficiencies: a missing for sale



1 sign, a boarded window, an unsecured door, trash, uncovered holes, obstructed gutters,  
2 dead grass, overgrown shrubbery, and a damaged fence.

3 c. At the time of Plaintiffs' investigation, both of these properties were  
4 maintained by the same Fannie Mae subcontractor/agent, Safeguard Properties  
5 Management, LLC.

6 100. The foregoing facts showing differing maintenance and differing treatment based  
7 on neighborhood racial composition of otherwise similarly situated REO properties is just one  
8 example of the evidence of Defendant's differing treatment adduced by Plaintiffs in Dayton,  
9 OH. Overall, REO properties in predominantly white neighborhoods in Dayton, OH were far  
10 more likely to have a small number of maintenance deficiencies or problems than REO  
11 properties in communities of color, while REO properties in communities of color were far  
12 more likely to have large numbers of such deficiencies or problems than those in  
13 predominantly white neighborhoods. For example, and without listing all examples of differing  
14 maintenance because of race or national origin, the evidence that Plaintiffs gathered in Dayton,  
15 OH shows:  
16  
17

18 a. 47.6% of the Fannie Mae REO properties in predominantly white neighborhoods  
19 had fewer than 5 maintenance deficiencies or problems, while none of the Fannie  
20 Mae REO properties in communities of color had fewer than 5 maintenance  
21 deficiencies or problems.

22 b. 57.7% of the Fannie Mae REO properties in communities of color had 10 or more  
23 maintenance deficiencies or problems, while only 16.7% of the Fannie Mae REO  
24 properties in predominantly white neighborhoods had 10 or more maintenance  
25 deficiencies or problems.  
26  
27  
28

c. 42.3% of the Fannie Mae REO properties in communities of color had unsecured or broken doors and locks, while only 11.4% of the Fannie Mae REO properties in predominantly white neighborhoods had unsecured or broken doors and locks.

d. 63% of the Fannie Mae REO properties in communities of color had broken or boarded windows, while only 15.9% of the Fannie Mae REO properties in predominantly white neighborhoods had broken or boarded windows.

e. 70.4% of the Fannie Mae REO properties in communities of color had peeling or chipped paint, while only 40.9% of the Fannie Mae REO properties in predominantly white neighborhoods had peeling or chipped paint.

*Denver, CO*

101. In Denver, CO:

a. On March 6, 2013, Plaintiffs visited Defendant's REO property located at 6232 South Spotswood Street, Centennial, CO 80210. This property is located in a census block group with a white population of 85.12%. This property had only 3 maintenance deficiencies: accumulated mail, no trespassing sign and damaged siding.



b. On March 6, 2013, Plaintiffs visited Defendant's REO property located at 2249 Macon St, Aurora, CO 80010. This property is located in a census block group with a majority non-white population of 78.02%. This property had 12 maintenance deficiencies: a damaged fence, uncovered holes, broken windows, boarded windows, dead shrubbery, broken downspout, missing shutters, dead grass, and trash.





c. At the time of Plaintiffs' investigation, both of these properties were maintained by the same Fannie Mae subcontractor/agent, Safeguard Properties Management, LLC.

102. The foregoing facts showing differing maintenance and differing treatment based on neighborhood racial composition of otherwise similarly situated REO properties is just one example of the evidence of Defendant's differing treatment adduced by Plaintiffs in the Denver, CO metropolitan area. Overall, REO properties in predominantly white neighborhoods in the Denver, CO metropolitan area were far more likely to have a small number of maintenance deficiencies or problems than REO properties in communities of color, while REO properties in communities of color were far more likely to have large numbers of such deficiencies or problems than those in predominantly white neighborhoods. For example, and without listing all examples of differing maintenance because of race or national origin, the evidence that Plaintiffs gathered in the Denver, CO metropolitan area shows:

a. 71.4% of the Fannie Mae REO properties in predominantly white neighborhoods had fewer than 5 maintenance deficiencies or problems, while only 15.8% of the Fannie Mae REO properties in communities of color had fewer than 5 maintenance deficiencies or problems.

b. 84.2% of the Fannie Mae REO properties in communities of color had 5 or more maintenance deficiencies or problems, while only 28.6% of the Fannie Mae REO properties in predominantly white neighborhoods had 5 or more maintenance deficiencies or problems.

c. 42.1% of the Fannie Mae REO properties in communities of color had missing or out of place gutters, while none of the Fannie Mae REO properties in predominantly white neighborhoods had missing or out of place gutters.

d. 42.1% of the Fannie Mae REO properties in communities of color had broken or boarded windows, while none of the Fannie Mae REO properties in predominantly white neighborhoods had broken or boarded windows.

e. 15.8% of the Fannie Mae REO properties in communities of color had broken or discarded signage, while none of the Fannie Mae REO properties in predominantly white neighborhoods had broken or discarded signage.

f. 21.1% of the Fannie Mae REO properties in communities of color had 50% or more of the lawn covered in dead grass, while none of the Fannie Mae REO properties in predominantly white neighborhoods had 50% or more of the lawn covered in dead grass.

g. 21.1% of the Fannie Mae REO properties in communities of color had holes in the structure, while none of the Fannie Mae REO properties in predominantly white neighborhoods had holes in the structure.

*Fort Worth, TX*

103. In Ft. Worth, TX:

a. On July 22, 2014, Plaintiffs visited Defendant's REO property located at 8513 Minturn Drive, Fort Worth, TX 76131. This property is located in a census block group with a white population of 50.74%. This property had 5 maintenance deficiencies:

accumulated mail, dead shrubbery, a trespassing or warning sign, a broken gutter, and a damaged utility cover.



b. On July 22, 2014, Plaintiffs visited Defendant's REO property located at 2921 Livingston Avenue, Fort Worth, TX 76110. This property is located in a census block group with a Hispanic population of 62.08%. This property had 13 maintenance deficiencies: trash and debris, accumulated mail, dead leaves, overgrown and dead shrubbery, dead grass, invasive plants, an unsecured door, a boarded window, a damaged fence, holes in the structure of the home, trespassing or warning signs, peeling and chipped paint, and damaged siding.



c. At the time of Plaintiffs' investigation, both of these properties were maintained by the same Fannie Mae subcontractor/agent, Asset Management Specialists, Inc.

104. The foregoing facts showing differing maintenance and differing treatment based on neighborhood racial composition of otherwise similarly situated REO properties is just one example of the evidence of Defendant's differing treatment adduced by Plaintiffs in Ft. Worth, TX. Overall, REO properties in predominantly white neighborhoods in Fort Worth, TX were far more likely to have a small number of maintenance deficiencies or problems than REO properties in communities of color, while REO properties in communities of color were far more likely to have large numbers of such deficiencies or problems than those in predominantly white neighborhoods. For example, and without listing all examples of differing maintenance because of race or national origin, the evidence that Plaintiffs gathered in Fort Worth, TX shows:

a. 40.0% of the Fannie Mae REO properties in predominantly white neighborhoods had fewer than 5 maintenance deficiencies or problems, while only 27.3% of the

1 Fannie Mae REO properties in communities of color had fewer than 5  
2 maintenance deficiencies or problems.

3 b. 9.1% of the Fannie Mae REO properties in communities of color had damaged  
4 steps and handrails, while none of the Fannie Mae REO properties in  
5 predominantly white neighborhoods had damaged steps and handrails.

6 c. 90.9% of the Fannie Mae REO properties in communities of color had peeling or  
7 chipped paint, while only 33.3% of the Fannie Mae REO properties in  
8 predominantly white neighborhoods had peeling or chipped paint.  
9

10 d. 27.3% of the Fannie Mae REO properties in communities of color had damaged  
11 siding, while only 13.3% of the Fannie Mae REO properties in predominantly  
12 white neighborhoods had damaged siding.

13 e. 45.5% of the Fannie Mae REO properties in communities of color had holes in  
14 the structure, while only 26.7% of the Fannie Mae properties in predominantly  
15 white neighborhoods had holes in the structure.  
16

17 *Gary, IN*

18 105. In Gary, IN:

19 a. On September 11, 2014, Plaintiffs visited Defendant's REO property located  
20 at 930 N. Lakeview Dr., Lowell, IN 46356. This property is located in a census block  
21 group with a white population of 95.1%. This property had 3 maintenance deficiencies:  
22 overgrown shrubbery, damaged soffit/siding, and holes where the soffit was damaged.  
23

24 b. On September 11, 2014, Plaintiffs visited Defendant's REO property located  
25 at 2330 Pierce St., Gary, IN 46403. This property is located in a census block group  
26 with a majority non-white population of 99.49%. This property had 9 maintenance  
27 deficiencies: missing for sale sign, missing basement window pane slate, trash/litter,  
28

1 overgrown grass, dead cutting on lawn, damaged steps, missing handrails, and damaged  
 2 siding.

3 c. At the time of Plaintiffs' investigation, both of these properties were  
 4 maintained by the same Fannie Mae subcontractor/agent, Safeguard Properties  
 5 Management, LLC.

6 106. The foregoing facts showing differing maintenance and differing treatment based  
 7 on neighborhood racial composition of otherwise similarly situated REO properties is just one  
 8 example of the evidence of Defendant's differing treatment adduced by Plaintiffs in Gary, IN.  
 9 Overall, REO properties in predominantly white neighborhoods in Gary, IN were far more  
 10 likely to have a small number of maintenance deficiencies or problems than REO properties in  
 11 communities of color, while REO properties in communities of color were far more likely to  
 12 have large numbers of such deficiencies or problems than those in predominantly white  
 13 neighborhoods. For example, and without listing all examples of differing maintenance  
 14 because of race or national origin, the evidence that Plaintiffs gathered in Gary, IN shows:  
 15

16 a. 60.0% of the Fannie Mae REO properties in predominantly white neighborhoods  
 17 had fewer than 5 maintenance deficiencies or problems, while only 30.0% of the  
 18 Fannie Mae REO properties in communities of color had fewer than 5  
 19 maintenance deficiencies or problems.  
 20

21 b. 70.0% of the Fannie Mae REO properties in communities of color had 5 or more  
 22 maintenance deficiencies or problems, while 40.0% of the Fannie Mae REO  
 23 properties in predominantly white neighborhoods had 5 or more maintenance  
 24 deficiencies or problems.  
 25  
 26  
 27  
 28

1 c. 40.0% of the Fannie Mae REO properties in communities of color had damaged  
 2 steps and handrails, while only 6.7% of the Fannie Mae REO properties in  
 3 predominantly white neighborhoods had damaged steps and handrails.

4 d. 60.0% of the Fannie Mae REO properties in communities of color had broken or  
 5 boarded windows, while 33.3% of the Fannie Mae REO properties in  
 6 predominantly white neighborhoods had broken or boarded windows.

7 e. 40.0% of the Fannie Mae REO properties in communities of color had obstructed  
 8 gutters, while only 13.3% of the Fannie Mae REO properties in predominantly  
 9 white neighborhoods had obstructed gutters.  
 10

11 *Grand Rapids, MI*

12 107. In Grand Rapids, MI:

13 a. On August 29, 2012, Plaintiffs visited Defendant's REO property located at  
 14 1701 Bridge Street Northwest, Grand Rapids MI 49504. This property is located in a  
 15 census block group with a white population of 86.27%. This property had only 1  
 16 maintenance deficiency: peeling and chipped paint.  
 17

18 b. On August 27, 2012, Plaintiffs visited Defendant's REO property located at  
 19 1142 Kalamazoo Avenue, Grand Rapids, MI 49507.

20 This property is located in a census block group with  
 21 an African-American population of 72.75%. This  
 22 property had 10 maintenance deficiencies: trash,  
 23 overgrown grass, overgrown shrubbery, missing  
 24 screens, unsecured doors, broken and boarded windows, a damaged fence, a dilapidated  
 25 garage, damaged siding, and exposed or tampered-with utilities.  
 26  
 27  
 28



c. At the time of Plaintiffs' investigation, both of these properties were maintained by the same Fannie Mae subcontractor/agent, Asset Management Specialists, Inc.

108. The foregoing facts showing differing maintenance and differing treatment based on neighborhood racial composition of otherwise similarly situated REO properties is just one example of the evidence of Defendant's differing treatment adduced by Plaintiffs in Grand Rapids, MI. Overall, REO properties in predominantly white neighborhoods in Grand Rapids, MI were far more likely to have a small number of maintenance deficiencies or problems than REO properties in communities of color, while REO properties in communities of color were far more likely to have large numbers of such deficiencies or problems than those in predominantly white neighborhoods. For example, and without listing all examples of differing maintenance because of race or national origin, the evidence that Plaintiffs gathered in Grand Rapids, MI shows:

- a. 52.2% of the Fannie Mae REO properties in predominantly white neighborhoods had fewer than 5 maintenance deficiencies or problems, while only 9.1% of the Fannie Mae REO properties in communities of color had fewer than 5 maintenance deficiencies or problems.
- b. 90.9% of the Fannie Mae REO properties in communities of color had 5 or more maintenance deficiencies or problems, while only 47.8% of the Fannie Mae REO properties in predominantly white neighborhoods had 5 or more maintenance deficiencies or problems.
- c. 72.7% of the Fannie Mae REO properties in communities of color had trash visible on the property, while only 21.7% of the Fannie Mae REO properties in predominantly white neighborhoods had trash visible on the property.



d. 27.3% of the Fannie Mae REO properties in communities of color had damaged steps and handrails, while only 4.3% of the Fannie Mae REO properties in predominantly white neighborhoods had damaged steps and handrails.

e. 63.6% of the Fannie Mae REO properties in communities of color had overgrown grass and leaves, while only 26.1% of the Fannie Mae REO properties in predominantly white neighborhoods had overgrown grass and leaves.

*Greater Palm Beaches, FL*

109. In the Greater Palm Beaches, FL, metropolitan area:

a. On October 23, 2014, Plaintiffs visited Defendant's REO property located at 180 Cordoba Circle, West Palm Beach, FL 33411. This property is located in a census block group with a white population of 51.74%. This property had only 3 maintenance deficiencies: trash and debris, a damaged fence, and no professional "for sale" sign marketing the home.



b. On October 27, 2014, Plaintiffs visited Defendant's REO property located at 5912 Bimini Circle West, West Palm Beach, FL 33407. This property is located in a census block group with an African-American population of 82.64%. This property had 13 maintenance deficiencies: trash and debris, overgrown grass and dead leaves, dead grass, a broken mailbox, wasp nests, boarded windows, a damaged fence, holes in the structure of the home, a dilapidated shed, wood rot, no professional "for sale" sign marketing the home, pervasive mold, and exposed or tampered-with utilities.



c. At the time of Plaintiffs' investigation, both of these properties were maintained by the same Fannie Mae subcontractor/agent, Cyprexx Services, LLC.

110. The foregoing facts showing differing maintenance and differing treatment based on neighborhood racial composition of otherwise similarly situated REO properties is just one example of the evidence of Defendant's differing treatment adduced by Plaintiffs in the Greater Palm Beaches, FL metropolitan area. Overall, REO properties in predominantly white neighborhoods in the Greater Palm Beaches, FL metropolitan area were far more likely to have a small number of maintenance deficiencies or problems than REO properties in communities of color, while REO properties in communities of color were far more likely to have large numbers of such deficiencies or problems than those in predominantly white neighborhoods. For example, and without listing all examples of differing maintenance because of race or national origin, the evidence that Plaintiffs gathered in the Greater Palm Beaches, FL metropolitan area shows:

a. 33.3% of the Fannie Mae REO properties in predominantly white neighborhoods had fewer than 5 maintenance deficiencies or problems, while only 16.7% of the Fannie Mae REO properties in communities of color had fewer than 5 maintenance deficiencies or problems.

b. 83.3% of the Fannie Mae REO properties in communities of color had 5 or more maintenance deficiencies or problems, while only 66.7% of the Fannie Mae REO properties in predominantly white neighborhoods had 5 or more maintenance deficiencies or problems.

c. 33.3% of the Fannie Mae REO properties in communities of color had broken or boarded windows, while none of the Fannie Mae REO properties in predominantly white neighborhoods had broken or boarded windows.

d. 38.9% of the Fannie Mae REO properties in communities of color had overgrown or dead shrubbery, while none of the Fannie Mae REO properties in predominantly white neighborhoods had overgrown or dead shrubbery.

e. 11.1% of the Fannie Mae REO properties in communities of color had a damaged roof, while none of the Fannie Mae REO properties in predominantly white neighborhoods had a damaged roof.

*Hartford, CT*

111. In Hartford, CT:

a. On July 18, 2013, Plaintiffs visited Defendant's REO property located at 39 Heather Lane, Manchester CT 06040. This property is located in a census block group with a white population of 80.02%. This property had 4 maintenance deficiencies: accumulated mail, no professional "for sale" sign marketing the home, peeling and chipped paint, and a small amount of mold.



b. On July 15, 2013, Plaintiffs visited Defendant's REO property located at 19 Wade Street, Hartford, CT 06002. This property is located in a census block group with an African-American population of 78.70%. This property had 13 maintenance deficiencies: accumulated mail, overgrown grass and dead leaves, overgrown shrubbery, invasive plants, a dead groundhog, damaged steps, a damaged roof, wood rot, a damaged awning, no professional "for sale" sign marketing the home, peeling and chipped paint, missing gutters, and hanging gutters.



c. At the time of Plaintiffs' investigation, both of these properties were maintained by the same Fannie Mae subcontractor/agent, Cyprexx Services, LLC.

112. The foregoing facts showing differing maintenance and differing treatment based on neighborhood racial composition of otherwise similarly situated REO properties is just one example of the evidence of Defendant's differing treatment adduced by Plaintiffs in Hartford, CT. Overall, REO properties in predominantly white neighborhoods in the Hartford, CT metropolitan area were far more likely to have a small number of maintenance deficiencies or problems than REO properties in communities of color, while REO properties in communities of color were far more likely to have large numbers of such deficiencies or problems than those in predominantly white neighborhoods. For example, and without listing all examples of differing maintenance because of race or national origin, the evidence that Plaintiffs gathered in the Hartford, CT metropolitan area shows:

a. 20.0% of the Fannie Mae REO properties in predominantly white neighborhoods had fewer than 5 maintenance deficiencies or problems, while only 7.7% of the Fannie Mae REO properties in communities of color had fewer than 5 maintenance deficiencies or problems.

b. 69.2% of the Fannie Mae REO properties in communities of color had more than 10 maintenance deficiencies or problems, while only 10.0% of the Fannie Mae REO properties in communities of color had more than 10 maintenance deficiencies or problems.

c. 46.2% of the Fannie Mae REO properties in communities of color had trash visible on the property, while only 20.0% of the Fannie Mae REO properties in predominantly white neighborhoods had trash visible on the property.

1 d. 53.8% of the Fannie Mae REO properties in communities of color had damaged  
2 steps and handrails, while only 20.0% of the Fannie Mae REO properties in  
3 predominantly white neighborhoods had damaged steps and handrails.

4 *Indianapolis, IN*

5 113. In Indianapolis, IN:

6 a. On October 29, 2014, Plaintiffs visited Defendant's REO property located at  
7 5334 Montavia Lane, Indianapolis, IN 46239. This property is located in a census block  
8 group with a white population of 85.40%. This property had only 1 maintenance  
9 deficiency: a trespassing or warning sign.  
10

11 b. On October 28, 2014, Plaintiffs visited Defendant's REO property located at  
12 3839 North Campbell Avenue, Indianapolis, IN 46226. This property is located in a  
13 census block group with an African-American population of 93.65%. This property had  
14 8 maintenance deficiencies: overgrown shrubbery, missing handrails, broken and  
15 boarded windows, a damaged fence, a broken screen door, trespassing or warning  
16 signs, obstructed gutters, and a small amount of mold.  
17

18 c. At the time of Plaintiffs' investigation, both of these properties were  
19 maintained by the same Fannie Mae subcontractor/agent, Safeguard Properties  
20 Management, LLC.  
21

22 114. The foregoing facts showing differing maintenance and differing treatment based  
23 on neighborhood racial composition of otherwise similarly situated REO properties is just one  
24 example of the evidence of Defendant's differing treatment adduced by Plaintiffs in  
25 Indianapolis, IN. Overall, REO properties in predominantly white neighborhoods in  
26 Indianapolis, IN were far more likely to have a small number of maintenance deficiencies or  
27 problems than REO properties in communities of color, while REO properties in communities  
28

1 of color were far more likely to have large numbers of such deficiencies or problems than those  
2 in predominantly white neighborhoods. For example, and without listing all examples of  
3 differing maintenance because of race or national origin, the evidence that Plaintiffs gathered  
4 in Indianapolis, IN show:

- 5 a. 50.0% of the Fannie Mae REO properties in predominantly white neighborhoods  
6 had fewer than 5 maintenance deficiencies or problems, while only 11.8% of the  
7 Fannie Mae REO properties in communities of color had fewer than 5  
8 maintenance deficiencies or problems.  
9
- 10 b. 88.2% of the Fannie Mae REO properties in communities of color had 5 or more  
11 maintenance deficiencies or problems, while 50.0% of the Fannie Mae REO  
12 properties in predominantly white neighborhoods had 5 or more maintenance  
13 deficiencies or problems.  
14
- 15 c. 58.8% of the Fannie Mae REO properties in communities of color had broken or  
16 boarded windows, while 31.8% of the Fannie Mae REO properties in  
17 predominantly white neighborhoods had broken or boarded windows.
- 18 d. 64.7% of the Fannie Mae REO properties in communities of color had obstructed  
19 gutters, while only 27.3% of the Fannie Mae REO properties in predominantly  
20 white neighborhoods had obstructed gutters.
- 21 e. 35.3% of the Fannie Mae REO properties in communities of color had a damaged  
22 fence, while only 20.5% of the Fannie Mae REO properties in predominantly  
23 white neighborhoods had a damaged fence.  
24  
25  
26  
27  
28

1 *Kansas City, MO*

2 115. In Kansas City, MO:

3 a. On March 5, 2014, Plaintiffs visited Defendant's REO property located at  
4 23304 West 90<sup>th</sup> Terrace, Lenexa, KS 66227. This property is located in a census block  
5 group with a white population of 88.42%. This property had 2 maintenance  
6 deficiencies: a trespassing or warning sign and no professional "for sale" sign  
7 marketing the home.  
8

9 b. On March 5, 2014, Plaintiffs visited Defendant's REO property located at  
10 6835 College Avenue, Kansas City, MO 64132. This property is located in a census  
11 block group with an African-American population of 94.45%. This property had 9  
12 maintenance deficiencies: trash and debris, overgrown grass and dead leaves, invasive  
13 plants, an unsecured shed, damaged handrails, a damaged fence, trespassing or warning  
14 signs, no professional "for sale" sign marketing the home, and broken gutters.  
15

16 c. At the time of Plaintiffs' investigation, both of these properties were  
17 maintained by the same Fannie Mae subcontractor/agent, Cyprex Services, LLC.

18 116. The foregoing facts showing differing maintenance and differing treatment based  
19 on neighborhood racial composition of otherwise similarly situated REO properties is just one  
20 example of the evidence of Defendant's differing treatment adduced by Plaintiffs in Kansas  
21 City, MO. Overall, REO properties in predominantly white neighborhoods in Kansas City, MO  
22 were far more likely to have a small number of maintenance deficiencies or problems than  
23 REO properties in communities of color, while REO properties in communities of color were  
24 far more likely to have large numbers of such deficiencies or problems than those in  
25 predominantly white neighborhoods. For example, and without listing all examples of differing  
26  
27  
28



1 maintenance because of race or national origin, the evidence that Plaintiffs gathered in Kansas  
2 City, MO shows:

- 3 a. 72.7% of the Fannie Mae REO properties in predominantly white neighborhoods  
4 had fewer than 5 maintenance deficiencies or problems, while only 25.0% of the  
5 Fannie Mae REO properties in communities of color had fewer than 5  
6 maintenance deficiencies or problems.  
7
- 8 b. 75.0% of the Fannie Mae REO properties in communities of color had 5 or more  
9 maintenance deficiencies or problems, while 27.3% of the Fannie Mae REO  
10 properties in predominantly white neighborhoods had 5 or more maintenance  
11 deficiencies or problems.
- 12 c. 31.3% of the Fannie Mae REO properties in communities of color had damaged  
13 steps and handrails, while none of the Fannie Mae REO properties in  
14 predominantly white neighborhoods had damaged steps and handrails.  
15
- 16 d. 46.9% of the Fannie Mae REO properties in communities of color had broken or  
17 hanging gutters, while 9.1% of the Fannie Mae REO properties in predominantly  
18 white neighborhoods had broken or hanging gutters.
- 19 e. 56.3% of the Fannie Mae REO properties in communities of color had broken or  
20 boarded windows, while only 18.2% of the Fannie Mae REO properties in  
21 predominantly white neighborhoods had broken or boarded windows.  
22

23 *Las Vegas, NV*

24 117. In Las Vegas, NV:

- 25 a. On October 17, 2012, Plaintiffs visited Defendant's REO property located at  
26 11110 Alora Street, Las Vegas, NV 89141. This property is located in a census block  
27  
28

1 group with a white population of 55.88%. This property had no maintenance  
2 deficiencies.

3 b. On October 16, 2012, Plaintiffs visited Defendant's REO property located at  
4 750 Capaldi Drive, Las Vegas, NV 89110. This property is located in a census block  
5 group with a non-white population of 68.37%. This property had 8 maintenance  
6 deficiencies: dead shrubbery, dead grass, wood rot, a trespassing or warning sign,  
7 peeling and chipped paint, standing water, obstructed gutters, and exposed or tampered-  
8 with utilities.  
9

10 c. At the time of Plaintiffs' investigation, both of these properties were  
11 maintained by the same Fannie Mae subcontractor/agent, Cyprex Services, LLC.

12 118. The foregoing facts showing differing maintenance and differing treatment based  
13 on neighborhood racial composition of otherwise similarly situated REO properties is just one  
14 example of the evidence of Defendant's differing treatment adduced by Plaintiffs in Las Vegas,  
15 NV. Overall, REO properties in predominantly white neighborhoods in Las Vegas, NV were  
16 far more likely to have a small number of maintenance deficiencies or problems than REO  
17 properties in communities of color, while REO properties in communities of color were far  
18 more likely to have large numbers of such deficiencies or problems than those in  
19 predominantly white neighborhoods. For example, and without listing all examples of differing  
20 maintenance because of race or national origin, the evidence that Plaintiffs gathered in Las  
21 Vegas, NV shows:  
22  
23

24 a. 83.3% of the Fannie Mae REO properties in predominantly white neighborhoods  
25 had fewer than 5 maintenance deficiencies or problems, while 75.0% of the  
26 Fannie Mae REO properties in communities of color had fewer than 5  
27 maintenance deficiencies or problems.  
28

b. 40.6% of the Fannie Mae REO properties in communities of color had peeling or chipped paint, while only 16.7% of the Fannie Mae REO properties in predominantly white neighborhoods had peeling or chipped paint.

c. 34.4% of the Fannie Mae REO properties in communities of color had overgrown or dead shrubbery, while only 16.7% of the Fannie Mae REO properties in predominantly white neighborhoods had overgrown or dead shrubbery.

d. 9.4% of the Fannie Mae REO properties in communities of color had a damaged fence, while none of the Fannie Mae REO properties in predominantly white neighborhoods had a damaged fence.

*Louisville, KY*

119. In Louisville, KY:

a. On September 21, 2015, Plaintiffs visited Defendant's REO property located at 5312 Georgia Lane, Louisville, KY 40219. This property is located in a census block group with a white population of 73.13%. This property had 3 maintenance deficiencies: accumulated mail, a trespassing or warning sign, and peeling and chipped paint.



b. On September 22, 2015, Plaintiffs visited Defendant's REO property located at 131 North 38<sup>th</sup> Street, Louisville, KY 40212. This property is located in a census block group with an African-American population of 85.01%. This property had 11 maintenance deficiencies: trash and debris, overgrown and dead shrubbery, a broken mailbox, unsecured and boarded



1 doors, damaged and broken windows, a dilapidated shed, trespassing or warning signs,  
 2 graffiti, damaged siding, missing gutters, and a small amount of mold.

3 c. At the time of Plaintiffs' investigation, both of these properties were  
 4 maintained by the same Fannie Mae subcontractor/agent, Cyprexx Services, LLC.

5 120. The foregoing facts showing differing maintenance and differing treatment based  
 6 on neighborhood racial composition of otherwise similarly situated REO properties is just one  
 7 example of the evidence of Defendant's differing treatment adduced by Plaintiffs in Louisville,  
 8 KY. Overall, REO properties in predominantly white neighborhoods in Louisville, KY were  
 9 far more likely to have a small number of maintenance deficiencies or problems than REO  
 10 properties in communities of color, while REO properties in communities of color were far  
 11 more likely to have large numbers of such deficiencies or problems than those in  
 12 predominantly white neighborhoods. For example, and without listing all examples of differing  
 13 maintenance because of race or national origin, the evidence that Plaintiffs gathered in  
 14 Louisville, KY shows:  
 15

16 a. 73.3% of the Fannie Mae REO properties in predominantly white neighborhoods  
 17 had fewer than 5 maintenance deficiencies or problems, while only 8.3% of the  
 18 Fannie Mae REO properties in communities of color had fewer than 5  
 19 maintenance deficiencies or problems.  
 20

21 b. 91.7% of the Fannie Mae REO properties in communities of color had 5 or more  
 22 maintenance deficiencies or problems, while only 26.7% of the Fannie Mae REO  
 23 properties in predominantly white neighborhoods had 5 or more maintenance  
 24 deficiencies or problems.  
 25  
 26  
 27  
 28

c. 58.3% of the Fannie Mae REO properties in communities of color had unsecured or broken doors and locks, while only 6.7% of the Fannie Mae REO properties in predominantly white neighborhoods had unsecured or broken doors and locks.

d. 33.3% of the Fannie Mae REO properties in communities of color had mail accumulated, while only 6.7% of the Fannie Mae REO properties in predominantly white neighborhoods had mail accumulated.

e. 58.3% of the Fannie Mae REO properties in communities of color had peeling or chipped paint, while only 20.0% of Fannie Mae REO properties in predominantly white neighborhoods had peeling or chipped paint.

*Memphis, TN*

121. In Memphis, TN:

a. On May 23, 2013, Plaintiffs visited Defendant's REO property located at 2304 Lovitt Drive, Memphis, TN 38119. This property is located in a census block group with a white population of 76.80%. This property had only 2 maintenance deficiencies: dead grass and a damaged fence.



b. On May 22, 2013, Plaintiffs visited Defendant's REO property located at 4027 University Street, Memphis, TN 38127. This property is located in a census block group with an African-American population of 90.48%. This property had 10 maintenance deficiencies: trash and debris, overgrown grass and leaves, overgrown shrubbery, an unsecured door, a damaged fence, wood rot, a dilapidated



1 shed, no professional “for sale” sign marketing the home, peeling and chipped paint, and a  
2 small amount of mold.

3 c. At the time of Plaintiffs’ investigation, both of these properties were  
4 maintained by the same Fannie Mae subcontractor/agent, Safeguard Properties  
5 Management, LLC.

6 122. The foregoing facts showing differing maintenance and differing treatment based  
7 on neighborhood racial composition of otherwise similarly situated REO properties is just one  
8 example of the evidence of Defendant’s differing treatment adduced by Plaintiffs in Memphis,  
9 TN. Overall, REO properties in predominantly white neighborhoods in Memphis, TN were far  
10 more likely to have a small number of maintenance deficiencies or problems than REO  
11 properties in communities of color, while REO properties in communities of color were far  
12 more likely to have large numbers of such deficiencies or problems than those in  
13 predominantly white neighborhoods. For example, and without listing all examples of differing  
14 maintenance because of race or national origin, the evidence that Plaintiffs gathered in  
15 Memphis, TN shows:  
16  
17

18 a. 70.0% of the Fannie Mae REO properties in predominantly white neighborhoods  
19 had fewer than 5 maintenance deficiencies or problems, while only 11.4% of the  
20 Fannie Mae REO properties in communities of color had fewer than 5  
21 maintenance deficiencies or problems.

22 b. 88.6% of the Fannie Mae REO properties in communities of color had 5 or more  
23 maintenance deficiencies or problems, while only 30.0% of the Fannie Mae REO  
24 properties in predominantly white neighborhoods had 5 or more maintenance  
25 deficiencies or problems.  
26  
27  
28



c. 54.3% of the Fannie Mae REO properties in communities of color had trash on the property, while none of the Fannie Mae REO properties in predominantly white neighborhoods had trash on the property

d. 68.6% of the Fannie Mae REO properties in communities of color had broken or boarded windows, while only 20.0% of the Fannie Mae REO properties in predominantly white neighborhoods had broken or boarded windows.

e. 34.3% of the Fannie Mae REO properties in communities of color had overgrown or dead shrubbery, while only 10.0% of the Fannie Mae REO properties in predominantly white neighborhoods had overgrown or dead shrubbery.

*Miami, FL*

123. In the Miami, FL metropolitan area:

a. On October 17, 2014, Plaintiffs visited Defendant's REO property located at 9746 Darlington Place, Ft. Lauderdale, 33328. This property is located in a census block group with a white population of 60.66%. This property had 2 maintenance deficiencies: litter around the shrubs and a missing for sale sign.

b. On October 28, 2014, Plaintiffs visited Defendant's REO property located at 17311 NW 29 Pl, Opa Locka, FL 33056. This property is located in a census block group with an African-American population of



75.78%. This property exhibited 16 maintenance deficiencies, including: unsecured pool area, overgrown grass, unlocked doors, invasive plants, trash, accumulated mail, dead shrubbery, uncovered holes, damaged soffit, damaged fence, warning sign, and water damage/discoloration.



1 c. At the time of Plaintiffs' investigation, both of these properties were  
2 maintained by the same Fannie Mae subcontractor/agent, Cyprexx Services, LLC.

3 124. The foregoing facts showing differing maintenance and differing treatment based  
4 on neighborhood racial composition of otherwise similarly situated REO properties is just one  
5 example of the evidence of Defendant's differing treatment adduced by Plaintiffs in the Miami,  
6 FL metropolitan area. Overall, REO properties in predominantly white neighborhoods in the  
7 Miami, FL metropolitan area were far more likely to have a small number of maintenance  
8 deficiencies or problems than REO properties in communities of color, while REO properties  
9 in communities of color were far more likely to have large numbers of such deficiencies or  
10 problems than those in predominantly white neighborhoods. For example, and without listing  
11 all examples of differing maintenance because of race or national origin, the evidence that  
12 Plaintiffs gathered in the Miami, FL metropolitan area shows:  
13

14 a. 26.7% of the Fannie Mae REO properties in predominantly white neighborhoods  
15 had fewer than 5 maintenance deficiencies or problems, while only 4.1% of the  
16 Fannie Mae REO properties in communities of color had fewer than 5  
17 maintenance deficiencies or problems.  
18

19 b. 59.2% of the Fannie Mae REO properties in communities of color had 10 or more  
20 maintenance deficiencies or problems, while 26.7% of the Fannie Mae REO  
21 properties in predominantly white neighborhoods had 10 or more maintenance  
22 deficiencies or problems.  
23

24 c. 42.9% of the Fannie Mae REO properties in communities of color had broken or  
25 boarded windows, while only 6.7% of the Fannie Mae REO properties in  
26 predominantly white neighborhoods had broken or boarded windows.  
27  
28

d. 24.5% of the Fannie Mae REO properties in communities of color had a damaged roof, while only 6.7% of the Fannie Mae REO properties in predominantly white neighborhoods had a damaged roof.

e. 67.3% of the Fannie Mae REO properties in communities of color had holes in the structure, while only 6.7% of the Fannie Mae REO properties in predominantly white neighborhoods had holes in the structure.

*Milwaukee, WI*

125. In Milwaukee, WI:

a. On March 24, 2015, Plaintiffs visited Defendant's REO property located at 1971 S. 77th Street, Milwaukee, WI 53219. This property is located in a census block group with a white population of 80.33%. This property had only 1 maintenance deficiency: dead shrubbery.



b. On March 24, 2015, Plaintiffs visited Defendant's REO property located at 1302 S. 25th Street Milwaukee, WI 53204. This property is located in a census block group with a majority non-white population of 82.92%. This property had 5 maintenance deficiencies: accumulated mail, trash, graffiti, missing for sale sign, and peeling paint.



c. At the time of Plaintiffs' investigation, both of these properties were maintained by the same Fannie Mae subcontractor/agent, Cyprex Services, LLC.

126. The foregoing facts showing differing maintenance and differing treatment based on neighborhood racial composition of otherwise similarly situated REO properties is just one example of the evidence of Defendant's differing treatment adduced by Plaintiffs in the

1 Milwaukee, WI metropolitan area. Overall, REO properties in predominantly white  
2 neighborhoods in Milwaukee, WI were far more likely to have a small number of maintenance  
3 deficiencies or problems than REO properties in communities of color, while REO properties  
4 in communities of color were far more likely to have large numbers of such deficiencies or  
5 problems than those in predominantly white neighborhoods. For example, and without listing  
6 all examples of differing maintenance because of race or national origin, the evidence that  
7 Plaintiffs gathered in Milwaukee, WI shows:

- 8 a. 66.9% of the Fannie Mae REO properties in predominantly white neighborhoods  
9 had fewer than 5 maintenance deficiencies or problems, while only 39.9% of the  
10 Fannie Mae REO properties in communities of color had fewer than 5  
11 maintenance deficiencies or problems.  
12
- 13 b. 60.1% of the Fannie Mae REO properties in communities of color had 5 or more  
14 maintenance deficiencies or problems, while 33.1% of the Fannie Mae REO  
15 properties in predominantly white neighborhoods had 5 or more maintenance  
16 deficiencies or problems.  
17
- 18 c. 26.9% of the Fannie Mae REO properties in communities of color had visible  
19 trash on the property, while only 6.6% of the Fannie Mae properties in  
20 predominantly white neighborhoods had visible trash on the property.  
21
- 22 d. 47.2% of the Fannie Mae REO properties in communities of color had broken or  
23 boarded windows, while only 19.9% of the Fannie Mae properties in  
24 predominantly white neighborhoods had broken or boarded windows.
- 25 e. 31.6% of the Fannie Mae REO properties in communities of color had damaged  
26 siding, while only 15.4% of the Fannie Mae properties in predominantly white  
27 neighborhoods had damaged siding.  
28

1 *Minneapolis, MN*

2 127. In Minneapolis, MN:

3 a. On October 29, 2014, Plaintiffs visited Defendant's REO property located at  
4 824 24th Ave NE, Minneapolis, MN 55418. This property is located in a census block  
5 group with a white population of 75.93%. This property had only 1 maintenance  
6 deficiencies: no trespassing sign.

7  
8 b. On October 29, 2014, Plaintiffs visited Defendant's REO property located at  
9 3338 Fremont Ave N, Minneapolis, MN 55412. This property is located in a census  
10 block group with an African-American population of 71.23%. This property had 9  
11 maintenance deficiencies: missing for sale sign, boarded windows, a boarded door,  
12 dead leaves covering property, uncovered holes, obstructed gutters, broken unsecured  
13 garage door, and overgrown shrubbery.

14 c. At the time of Plaintiffs' investigation, both of these properties were  
15 maintained by the same Fannie Mae subcontractor/agent, Safeguard Properties  
16 Management, LLC.

17  
18 128. The foregoing facts showing differing maintenance and differing treatment based  
19 on neighborhood racial composition of otherwise similarly situated REO properties is just one  
20 example of the evidence of Defendant's differing treatment adduced by Plaintiffs in  
21 Minneapolis, MN. Overall, REO properties in predominantly white neighborhoods in  
22 Minneapolis, MN were far more likely to have a small number of maintenance deficiencies or  
23 problems than REO properties in communities of color, while REO properties in communities  
24 of color were far more likely to have large numbers of such deficiencies or problems than those  
25 in predominantly white neighborhoods. For example, and without listing all examples of  
26  
27  
28

1 differing maintenance because of race or national origin, the evidence that Plaintiffs gathered  
2 in Minneapolis, MN shows:

- 3 a. 66.7% of the Fannie Mae REO properties in predominantly white neighborhoods  
4 had fewer than 5 maintenance deficiencies or problems, while only 13.6% of the  
5 Fannie Mae REO properties in communities of color had fewer than 5  
6 maintenance deficiencies or problems.  
7
- 8 b. 86.4% of the Fannie Mae REO properties in communities of color had 5 or more  
9 maintenance deficiencies or problems, while 33.3% of the Fannie Mae REO  
10 properties in predominantly white neighborhoods had 5 or more maintenance  
11 deficiencies or problems.
- 12 c. 54.5% of the Fannie Mae REO properties in communities of color had visible  
13 trash on the property, while none of the Fannie Mae properties in predominantly  
14 white neighborhoods had visible trash on the property.  
15
- 16 d. 45.5% of the Fannie Mae REO properties in communities of color had broken or  
17 boarded windows, while only 6.7% of the Fannie Mae properties in  
18 predominantly white neighborhoods had broken or boarded windows.
- 19 e. 72.7% of the Fannie Mae REO properties in communities of color had overgrown  
20 or dead shrubbery, while only 13.3% of the Fannie Mae properties in  
21 predominantly white neighborhoods had overgrown or dead shrubbery.  
22
- 23 f. 22.7% of the Fannie Mae REO properties in communities of color had a damaged  
24 fence, while none of the Fannie Mae REO properties in predominantly white  
25 neighborhoods had a damaged fence.  
26  
27  
28

*Muskegon, MI*

129. In Muskegon, MI:

a. On October 22, 2014, Plaintiffs visited Defendant's REO property located at 2293 Moon Street, Muskegon, MI 49441. This property is located in a census block group with a white population of 86.57%. This property had only 2 maintenance deficiencies: damaged steps and an undrained pool.

b. On October 22, 2014, Plaintiffs visited Defendant's REO property located at 3221 6<sup>th</sup> Street, Muskegon, MI 49444. This property is located in a census block group with an African-American population of 68.61%. This property had 11 maintenance deficiencies: dead leaves, a bird's nest, boarded doors, boarded windows, a damaged roof, wood rot, damaged garage, peeling and chipped paint, damaged siding, water damage, and a small amount of mold.

c. At the time of Plaintiffs' investigation, both of these properties were maintained by the same Fannie Mae subcontractor/agent, GTJ Consulting, LLC.

130. The foregoing facts showing differing maintenance and differing treatment based on neighborhood racial composition of otherwise similarly situated REO properties is just one example of the evidence of Defendant's differing treatment adduced by Plaintiffs in Muskegon, MI. Overall, REO properties in predominantly white neighborhoods in Muskegon, MI were far more likely to have a small number of maintenance deficiencies or problems than REO properties in communities of color, while REO properties in communities of color were far more likely to have large numbers of such deficiencies or problems than those in predominantly white neighborhoods. For example, and without listing all examples of differing maintenance because of race or national origin, the evidence that Plaintiffs gathered in Muskegon, MI shows:

- a. 60.0% of the Fannie Mae REO properties in predominantly white neighborhoods had fewer than 5 maintenance deficiencies or problems, while only 14.3% of the Fannie Mae REO properties in communities of color had fewer than 5 maintenance deficiencies or problems.
- b. 42.9% of the Fannie Mae REO properties in communities of color had 10 or more maintenance deficiencies or problems, while none of the Fannie Mae REO properties in predominantly white neighborhoods had 10 or more maintenance deficiencies or problems.
- c. 42.9% of the Fannie Mae REO properties in communities of color had unsecured or broken doors and locks, while none of the Fannie Mae REO properties in predominantly white neighborhoods had unsecured or broken doors and locks.
- d. 57.1% of the Fannie Mae REO properties in communities of color had damaged or boarded windows, while only 6.7% of the Fannie Mae REO properties in predominantly white neighborhoods had damaged or boarded windows.
- e. 71.4% of the Fannie Mae REO properties in communities of color had damaged siding, while only 33.3% of the Fannie Mae REO properties in predominantly white neighborhoods had damaged siding.

*New Orleans, LA*

131. In New Orleans, LA:

- a. On January 17, 2014, Plaintiffs visited Defendant's REO property located at 513 Mare Ct, Covington, LA 70435. This property is located in a census block group with a white population of 86.32%. This property had only 2 maintenance deficiencies: accumulated mail and a coke can stuck in garage door.



1           b. On January 17, 2014, Plaintiffs visited Defendant's REO property located at  
 2           73381 Hwy 59, Covington, LA 70458. This property is located in a census block group  
 3           with a majority non-white population of 55.78%. This property had 7 maintenance  
 4           deficiencies: missing for sale sign, warning no trespassing sign, damaged siding, trash,  
 5           holes in structure, leaves covering back yard, and overgrown weeds.

6           c. At the time of Plaintiffs' investigation, both of these properties were  
 7           maintained by the same Fannie Mae subcontractor/agent, Safeguard Properties  
 8           Management, LLC.  
 9

10          132. The foregoing facts showing differing maintenance and differing treatment based  
 11       on neighborhood racial composition of otherwise similarly situated REO properties is just one  
 12       example of the evidence of Defendant's differing treatment adduced by Plaintiffs in New  
 13       Orleans, LA. Overall, REO properties in predominantly white neighborhoods in New Orleans,  
 14       LA were far more likely to have a small number of maintenance deficiencies or problems than  
 15       REO properties in communities of color, while REO properties in communities of color were  
 16       far more likely to have large numbers of such deficiencies or problems than those in  
 17       predominantly white neighborhoods. For example, and without listing all examples of differing  
 18       maintenance because of race or national origin, the evidence that Plaintiffs gathered in New  
 19       Orleans, LA shows:  
 20

21           a. 29.4% of the Fannie Mae REO properties in predominantly white neighborhoods  
 22           had fewer than 5 maintenance deficiencies or problems, while none of the Fannie  
 23           Mae REO properties in communities of color had fewer than 5 maintenance  
 24           deficiencies or problems.  
 25

26           b. 34.5% of the Fannie Mae REO properties in communities of color had 10 or more  
 27           maintenance deficiencies or problems, while only 17.6% of the Fannie Mae REO  
 28

properties in predominantly white neighborhoods had 10 or more maintenance deficiencies or problems.

c. 75.9% of the Fannie Mae REO properties in communities of color had visible trash on the property, while only 11.8% of the Fannie Mae properties in predominantly white neighborhoods had visible trash on the property.

d. 17.2% of the Fannie Mae REO properties in communities of color had damaged steps and handrails, while none of the Fannie Mae REO properties in predominantly white neighborhoods had damaged steps and handrails.

e. 51.7% of the Fannie Mae REO properties in communities of color had overgrown or dead shrubbery, while only 17.6% of the Fannie Mae REO properties in predominantly white neighborhoods had overgrown or dead shrubbery.

*Newark, NJ*

133. In the Newark, NJ metropolitan area:

a. On August 5, 2015, Plaintiffs visited Defendant's REO property located at 620 Larch Street, Roselle Park, NJ 07204. This property is located in a census block group with a white population of 65.33%. This property had only 2 maintenance deficiencies: peeling and chipped paint, and damaged siding.



b. On August 6, 2015, Plaintiffs visited Defendant's REO property located at 42 Westcott Street, East Orange, NJ 07017. This property is located in a census block group with an African-American population of 86.86%. This property had 11 maintenance deficiencies: trash and debris, accumulated mail, overgrown shrubbery, dead grass, invasive plants, an unsecured window, a damaged fence, a leaning "for sale" sign, damaged siding, missing gutters, and a small amount of mold.



c. At the time of Plaintiffs' investigation, both of these properties were maintained by the same Fannie Mae subcontractor/agent, First Allegiance, LLC.

134. The foregoing facts showing differing maintenance and differing treatment based on neighborhood racial composition of otherwise similarly situated REO properties is just one example of the evidence of Defendant's differing treatment adduced by Plaintiffs in the Newark, NJ metropolitan area. Overall, REO properties in predominantly white neighborhoods in the Newark, NJ metropolitan area were far more likely to have a small number of maintenance deficiencies or problems than REO properties in communities of color, while REO properties in communities of color were far more likely to have large numbers of such deficiencies or problems than those in predominantly white neighborhoods. For example, and without listing all examples of differing maintenance because of race or national origin, the evidence that Plaintiffs gathered in the Newark, NJ metropolitan area shows:

a. 81.0% of the Fannie Mae REO properties in predominantly white neighborhoods had fewer than 5 maintenance deficiencies or problems, while only 16.2% of the Fannie Mae REO properties in communities of color had fewer than 5 maintenance deficiencies or problems.

b. 37.8% of the Fannie Mae REO properties in communities of color had 10 or more maintenance deficiencies or problems, while none of the Fannie Mae REO properties in predominantly white neighborhoods had 10 or more maintenance deficiencies or problems.

c. 54.1% of the Fannie Mae REO properties in communities of color had damaged or boarded windows, while only 4.8% of the Fannie Mae REO properties in predominantly white neighborhoods had damaged or boarded windows.

d. 43.2% of the Fannie Mae REO properties in communities of color had damaged siding, while only 9.5% of the Fannie Mae REO properties in predominantly white neighborhoods had damaged siding.

e. 70.3% of the Fannie Mae REO properties in communities of color had overgrown or dead shrubbery, while only 19.0% of the Fannie Mae REO properties in predominantly white neighborhoods had dead or overgrown shrubbery

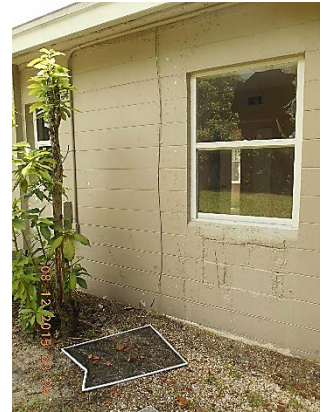
*Orlando, FL*

135. In the Orlando, FL metropolitan area:

a. On August 12, 2015, Plaintiffs visited Defendant's REO property located at 1694 Sarong Place, Winter Park, FL 32792. This property is located in a census block group with a white population of 70.73%. This property had only 2 maintenance deficiencies: accumulated mail and an insect nest.



b. On August 12, 2015 Plaintiffs visited Defendant's REO property located at 1002 Emeraldalda Road, Orlando, FL 32808. This property is located in a census block group with a majority non-white population of 78.73%. This property had 15 maintenance deficiencies: a broken mailbox, trash, dead grass, a damaged fence, broken windows, obstructed gutters, exposed utilities, uncovered holes in soffits and structure, and overgrown shrubbery.



c. At the time of Plaintiffs' investigation, both of these properties were maintained by the same Fannie Mae subcontractor/agent, Cyprex Services, LLC.

136. The foregoing facts showing differing maintenance and differing treatment based on neighborhood racial composition of otherwise similarly situated REO properties is just one example of the evidence of Defendant's differing treatment adduced by Plaintiffs in the Orlando, FL metropolitan area. Overall, REO properties in predominantly white neighborhoods in the Orlando, FL metropolitan area were far more likely to have a small number of maintenance deficiencies or problems than REO properties in communities of color, while REO properties in communities of color were far more likely to have large numbers of such deficiencies or problems than those in predominantly white neighborhoods. For example, and without listing all examples of differing maintenance because of race or national origin, the evidence that Plaintiffs gathered in the Orlando, FL metropolitan area shows:

a. 17.1% of the Fannie Mae REO properties in predominantly white neighborhoods had fewer than 5 maintenance deficiencies or problems, while only 6.8% of the Fannie Mae REO properties in communities of color had fewer than 5 maintenance deficiencies or problems.

b. 43.2% of the Fannie Mae REO properties in communities of color had 10 or more maintenance deficiencies or problems, while 20.0% of the Fannie Mae REO properties in predominantly white neighborhoods had 10 or more maintenance deficiencies or problems.

c. 25.0% of the Fannie Mae REO properties in communities of color had unsecured or broken doors and locks, while only 11.4% of the Fannie Mae REO properties in predominantly white neighborhoods had unsecured or broken doors and locks.

d. 38.6% of the Fannie Mae REO properties in communities of color had overgrown grass and/or accumulated dead leaves, while only 5.7% of the Fannie Mae REO properties in predominantly white neighborhoods had overgrown grass and/or accumulated dead leaves.

e. 54.5% of the Fannie Mae REO properties in communities of color holes in the structure, while only 28.6% of the Fannie Mae REO properties in predominantly white neighborhoods had holes in the structure.

*Philadelphia, PA*

137. In the Philadelphia, PA metropolitan area:

a. On October 12, 2015, Plaintiffs visited Defendant's REO property located at 209 Leon Avenue, Norwood, PA 19074. This property is located in a census block group with a white population of 94.11%. This property had only 2 maintenance deficiencies: invasive plants and a missing gutter.





b. On October 12, 2015, Plaintiffs visited Defendant's REO property located at 6569 North Lambert Street, Philadelphia, PA 19138. This property is located in a census block group with an African-American population of 94.35%. This property had 9 maintenance deficiencies: trash and debris, overgrown shrubbery, invasive plants, broken windows, wood rot, holes in the structure of the home, graffiti, peeling and chipped paint, and damaged siding.



c. At the time of Plaintiffs' investigation, both of these properties were maintained by the same Fannie Mae subcontractor/agent, Assero Services, LLC.

138. The foregoing facts showing differing maintenance and differing treatment based on neighborhood racial composition of otherwise similarly situated REO properties is just one example of the evidence of Defendant's differing treatment adduced by Plaintiffs in the Philadelphia, PA metropolitan area. Overall, REO properties in predominantly white neighborhoods in the Philadelphia, PA metropolitan area were far more likely to have a small number of maintenance deficiencies or problems than REO properties in communities of color, while REO properties in communities of color were far more likely to have large numbers of such deficiencies or problems than those in predominantly white neighborhoods. For example, and without listing all examples of differing maintenance because of race or national origin, the evidence that Plaintiffs gathered in the Philadelphia, PA metropolitan area shows:

a. 57.1% of the Fannie Mae REO properties in predominantly white neighborhoods had fewer than 5 maintenance deficiencies or problems, while only 31.7% of the Fannie Mae REO properties in communities of color had fewer than 5 maintenance deficiencies or problems.



b. 68.3% of the Fannie Mae REO properties in communities of color had 5 or more maintenance deficiencies or problems, while 42.9% of the Fannie Mae REO properties in predominantly white neighborhoods had 5 or more maintenance deficiencies or problems.

c. 54.0% of the Fannie Mae REO properties in communities of color had trash visible on the property, while only 20.0% of the Fannie Mae REO properties in predominantly white neighborhoods had trash visible on the property.

d. 27.0% of the Fannie Mae REO properties in communities of color had damaged siding, while only 11.4% of the Fannie Mae REO properties in predominantly white neighborhoods had damaged siding.

e. 41.3% of the Fannie Mae REO properties in communities of color had damaged or boarded windows, while only 20.0% of the Fannie Mae REO properties in predominantly white neighborhoods had damaged or boarded windows.

*Phoenix, AZ*

139. In the Phoenix, AZ metropolitan area:

a. On November 8, 2011, Plaintiffs visited Defendant's REO property located at 8776 West Dreyfus Drive, Peoria, AZ 85381. This property is located in a census block group with a white population of 76.47%. This property had only 1 maintenance deficiency: a broken sign.



b. On November 9, 2011, Plaintiffs visited Defendant's REO property located at 6805 West Cypress Street, Phoenix, AZ 85035.

This property is located in a census block group with a Hispanic population of 83.85%. This property had 15 maintenance deficiencies: trash and debris, accumulated mail, overgrown grass, overgrown and



dead shrubbery, dead grass, boarded doors, boarded windows, a damaged roof, a damaged fence, wood rot, holes in the structure of the home, no professional "for sale" sign marketing the home, peeling and chipped paint, damaged siding, and exposed or tampered-with utilities.

c. At the time of Plaintiffs' investigation, both of these properties were maintained by the same Fannie Mae subcontractor/agent, which upon information and belief was Safeguard Properties Management, LLC.

140. The foregoing facts showing differing maintenance and differing treatment based on neighborhood racial composition of otherwise similarly situated REO properties is just one example of the evidence of Defendant's differing treatment adduced by Plaintiffs in the Phoenix, AZ metropolitan area. Overall, REO properties in predominantly white neighborhoods in the Phoenix, AZ metropolitan area were far more likely to have a small number of maintenance deficiencies or problems than REO properties in communities of color, while REO properties in communities of color were far more likely to have large numbers of such deficiencies or problems than those in predominantly white neighborhoods. For example, and without listing all examples of differing maintenance because of race or national origin, the evidence that Plaintiffs gathered in the Phoenix, AZ metropolitan area shows:

- a. 66.7% of the Fannie Mae REO properties in predominantly white neighborhoods had fewer than 5 maintenance deficiencies or problems, while only 50.0% of the Fannie Mae REO properties in communities of color had fewer than 5 maintenance deficiencies or problems.
- b. 50.0% of the Fannie Mae REO properties in communities of color had 5 or more maintenance deficiencies or problems, while 33.3% of the Fannie Mae REO properties in predominantly white neighborhoods had 5 or more maintenance deficiencies or problems.
- c. 42.9% of the Fannie Mae REO properties in communities of color had trash visible on the property, while only 16.7% of the Fannie Mae REO properties in predominantly white neighborhoods had trash visible on the property.
- d. 57.1% of the Fannie Mae REO properties in communities of color had peeling or chipped paint, while 16.7% of the Fannie Mae REO properties in predominantly white neighborhoods had peeling or chipped paint.
- e. 35.7% of the Fannie Mae REO properties in communities of color had damaged or boarded windows, while only 8.3% of the Fannie Mae REO properties in predominantly white neighborhoods had damaged or boarded windows.

*Providence, RI*

141. In Providence, RI:

a. On July 8, 2015, Plaintiffs visited Defendant's REO property located at 56 Alfred Avenue, Johnston, RI 02919. This property is located in a census block group with a white population of



1 90.78%. This property had only 2 maintenance deficiencies: accumulated mail and an  
2 undrained pool.

3 b. On July 8, 2015, Plaintiffs visited Defendant's REO property located at 6  
4 Seton Street, Providence, RI 02909. This property is  
5 located in a census block group with a non-white  
6 population of 56.10%. This property had 7  
7 maintenance deficiencies: accumulated mail,  
8 overgrown grass, overgrown shrubbery, invasive  
9 plants, an unsecured door, no professional "for sale" sign marketing the home, and  
10 damaged siding.  
11



12 c. At the time of Plaintiffs' investigation, both of these properties were  
13 maintained by the same Fannie Mae subcontractor/agent, Cityside Management Corp.

14 142. The foregoing facts showing differing maintenance and differing treatment based  
15 on neighborhood racial composition of otherwise similarly situated REO properties is just one  
16 example of the evidence of Defendant's differing treatment adduced by Plaintiffs in  
17 Providence, RI. Overall, REO properties in predominantly white neighborhoods in Providence,  
18 RI were far more likely to have a small number of maintenance deficiencies or problems than  
19 REO properties in communities of color, while REO properties in communities of color were  
20 far more likely to have large numbers of such deficiencies or problems than those in  
21 predominantly white neighborhoods. For example, and without listing all examples of differing  
22 maintenance because of race or national origin, the evidence that Plaintiffs gathered in  
23 Providence, RI shows:  
24  
25

26 a. 70.0% of the Fannie Mae REO properties in predominantly white neighborhoods  
27 had fewer than 5 maintenance deficiencies or problems, while only 20.0% of the  
28

1 Fannie Mae REO properties in communities of color had fewer than 5  
2 maintenance deficiencies or problems.

3 b. 20.0% of the Fannie Mae REO properties in communities of color had 10 or more  
4 maintenance deficiencies or problems, while none of the Fannie Mae REO  
5 properties in predominantly white neighborhoods had 10 or more maintenance  
6 deficiencies or problems.

7 c. 60.0% of the Fannie Mae REO properties in communities of color had trash  
8 visible on the property, while only 10.0% of the Fannie Mae REO properties in  
9 predominantly white neighborhoods had trash visible on the property.

10 d. 80.0% of the Fannie Mae REO properties in communities of color had 10%-50%  
11 of the property covered in invasive plants, while only 30.0% of the Fannie Mae  
12 REO properties in predominantly white neighborhoods had 10%-50% of the  
13 property covered in invasive plants.

14 e. 40.0% of the Fannie Mae REO properties in communities of color had damaged  
15 siding, while only 10.0% of the Fannie Mae REO properties in predominantly  
16 white neighborhoods had damaged siding.

17  
18  
19 *Richmond and Oakland, CA*

20 143. In Richmond and Oakland, CA:

21 a. On October 13, 2011, Plaintiffs visited  
22 Defendant's REO property located at 5251 Grasswood  
23 Ct, Concord, CA 94521. This property is located in a  
24 census block group with a white population of 59.25%.

25 This property had only 3 maintenance deficiencies: dead grass, no trespassing sign and  
26 chipped paint.  
27  
28



b. On October 11, 2011, Plaintiffs visited Defendant's REO property located at 2139 39th Ave, Oakland, CA 94601.

This property is located in a census block group with a majority non-white population of 75.15%. This property had 16 maintenance deficiencies: a broken for sale sign, an



unsecured door, damaged steps, a damaged fence, broken downspout, standing water, uncovered holes, accumulated mail, and a cracked window.

c. At the time of Plaintiffs' investigation, both of these properties were maintained by the same Fannie Mae subcontractor/agent, Field Asset Services, Inc.

144. The foregoing facts showing differing maintenance and differing treatment based on neighborhood racial composition of otherwise similarly situated REO properties is just one example of the evidence of Defendant's differing treatment adduced by Plaintiffs in Richmond and Oakland, CA. Overall, REO properties in predominantly white neighborhoods in Richmond and Oakland, CA were far more likely to have a small number of maintenance deficiencies or problems than REO properties in communities of color, while REO properties in communities of color were far more likely to have large numbers of such deficiencies or problems than those in predominantly white neighborhoods. For example, and without listing all examples of differing maintenance because of race or national origin, the evidence that Plaintiffs gathered in Richmond and Oakland, CA shows:

a. 50.0% of the Fannie Mae REO properties in predominantly white neighborhoods had fewer than 5 maintenance deficiencies or problems, while only 33.8% of the Fannie Mae REO properties in communities of color had fewer than 5 maintenance deficiencies or problems.

- 1           b. 66.2% of the Fannie Mae REO properties in communities of color had 5 or more  
2           maintenance deficiencies or problems, while 50.0% of the Fannie Mae REO  
3           properties in predominantly white neighborhoods had 5 or more maintenance  
4           deficiencies or problems.
- 5           c. 35.1% of the Fannie Mae REO properties in communities of color had trash  
6           visible on the property, while only 21.4% of the Fannie Mae REO properties in  
7           predominantly white neighborhoods had trash visible on the property.
- 8           d. 32.4% of the Fannie Mae REO properties in communities of color had damaged  
9           or boarded windows, while only 14.3% of the Fannie Mae REO properties in  
10          predominantly white neighborhoods had damaged or boarded windows.
- 11          e. 33.8% of the Fannie Mae REO properties in communities of color had holes in  
12          the structure of the home, while none of the Fannie Mae REO properties in  
13          predominantly white neighborhoods had holes in the structure of the home.
- 14          f. 35.1% of the Fannie Mae REO properties in communities of color had no  
15          professional “for sale” sign marketing the home, while only 14.3% of the Fannie  
16          Mae REO properties in predominantly white neighborhoods had no professional  
17          “for sale” sign marketing the home.
- 18          g. 36.5% of the Fannie Mae REO properties in communities of color had damaged  
19          siding, while only 7.1% of the Fannie Mae REO properties in predominantly  
20          white neighborhoods had damaged siding.
- 21          h. 20.3% of the Fannie Mae REO properties in communities of color had missing or  
22          out of place gutters, while only 7.1% of the Fannie Mae REO properties in  
23          predominantly white neighborhoods had missing or out of place gutters.
- 24  
25  
26  
27  
28



1 *Richmond, VA*

2 145. In the Richmond, VA metropolitan area:

3 a. On May 30, 2014, Plaintiffs visited Defendant's  
4 REO property located at 9602 Benbow Court, Richmond, VA  
5 23235. This property is located in a census block group with  
6 a white population of 60.46%. This property had only 3  
7 maintenance deficiencies: no trespassing sign, chipped paint, and cable wire exposed.



8  
9 b. On May 30, 2014, Plaintiffs visited Defendant's REO property located at  
10 515 St. James Street, Richmond, VA 23220. This property is  
11 located in a census block group with a majority non-white  
12 population of 52.55%. This property had 15 maintenance  
13 deficiencies: missing for sale sign, boarded door, uncovered holes in structure, boarded  
14 window, invasive weeds, trash and debris, damaged stucco, no trespassing sign, peeling  
15 paint, discoloration/mold,



16  
17 c. At the time of Plaintiffs' investigation, both of these properties were  
18 maintained by the same Fannie Mae subcontractor/agent, Cyprex Services, LLC.

19 146. The foregoing facts showing differing maintenance and differing treatment based  
20 on neighborhood racial composition of otherwise similarly situated REO properties is just one  
21 example of the evidence of Defendant's differing treatment adduced by Plaintiffs in Richmond,  
22 VA. Overall, REO properties in predominantly white neighborhoods in the Richmond, VA  
23 metropolitan area were far more likely to have a small number of maintenance deficiencies or  
24 problems than REO properties in communities of color, while REO properties in communities  
25 of color were far more likely to have large numbers of such deficiencies or problems than those  
26 in predominantly white neighborhoods. For example, and without listing all examples of  
27  
28

1 differing maintenance because of race or national origin, the evidence that Plaintiffs gathered  
 2 in the Richmond, VA metropolitan area shows:

- 3 a. 58.8% of the Fannie Mae REO properties in predominantly white neighborhoods  
 4 had fewer than 5 maintenance deficiencies or problems, while only 17.4% of the  
 5 Fannie Mae REO properties in communities of color had fewer than 5  
 6 maintenance deficiencies or problems.
- 7 b. 39.1% of the Fannie Mae REO properties in communities of color had 10 or more  
 8 maintenance deficiencies or problems, while none of the Fannie Mae REO  
 9 properties in predominantly white neighborhoods had 10 or more maintenance  
 10 deficiencies or problems.
- 11 c. 52.2% of the Fannie Mae REO properties in communities of color had overgrown  
 12 or dead shrubbery, while only 5.9% of the Fannie Mae REO properties in  
 13 predominantly white neighborhoods had overgrown or dead shrubbery.
- 14 d. 43.5% of the Fannie Mae REO properties in communities of color had damaged  
 15 or boarded windows, while none of the Fannie Mae REO properties in  
 16 predominantly white neighborhoods had damaged or boarded windows.
- 17 e. 39.1% of the Fannie Mae REO properties in communities of color had holes in  
 18 the structure of the home, while only 5.9% of the Fannie Mae REO properties in  
 19 predominantly white neighborhoods had holes in the structure of the home.

20  
 21  
 22 *San Diego, CA*

23  
 24 147. In the San Diego, CA metropolitan area:

- 25 a. On July 14, 2013, Plaintiffs visited Defendant's REO property located at  
 26 3683 Texas Street #2, San Diego, CA 92104. This property is located in a census block

1 group with a white population of 71.73%. This property had no maintenance  
2 deficiencies.

3 b. On July 9, 2013, Plaintiffs visited Defendant's REO property located at  
4 7383 Skyline Drive, San Diego, CA 92114. This property is located in a census block  
5 group with a non-white population of 96.73%. This property had 6 maintenance  
6 deficiencies: trash and debris, dead grass, a broken window, a broken screen door,  
7 wood rot, and a trespassing or warning sign.  
8

9 c. At the time of Plaintiffs' investigation, both of these properties were  
10 maintained by the same Fannie Mae subcontractor/agent, Asset Management  
11 Specialists, Inc.

12 148. The foregoing facts showing differing maintenance and differing treatment based  
13 on neighborhood racial composition of otherwise similarly situated REO properties is just one  
14 example of the evidence of Defendant's differing treatment adduced by Plaintiffs in the San  
15 Diego, CA metropolitan area. Overall, REO properties in predominantly white neighborhoods  
16 in the San Diego, CA metropolitan area were far more likely to have a small number of  
17 maintenance deficiencies or problems than REO properties in communities of color, while  
18 REO properties in communities of color were far more likely to have large numbers of such  
19 deficiencies or problems than those in predominantly white neighborhoods. For example, and  
20 without listing all examples of differing maintenance because of race or national origin, the  
21 evidence that Plaintiffs gathered in the San Diego, CA metropolitan area shows:  
22  
23

24 a. 42.9% of the Fannie Mae REO properties in predominantly white neighborhoods  
25 had fewer than 5 maintenance deficiencies or problems, while only 25.0% of the  
26 Fannie Mae REO properties in communities of color had fewer than 5  
27 maintenance deficiencies or problems.  
28

b. 15.0% of the Fannie Mae REO properties in communities of color had 10 or more maintenance deficiencies or problems, while none of the Fannie Mae REO properties in predominantly white neighborhoods had 10 or more maintenance deficiencies or problems.

c. 45.0% of the Fannie Mae REO properties in communities of color had trash visible on the property, while only 14.3% of the Fannie Mae REO properties in predominantly white neighborhoods had trash visible on the property.

d. 30.0% of the Fannie Mae REO properties in communities of color had overgrown grass and leaves, while none of the Fannie Mae REO properties in predominantly white neighborhoods had overgrown grass and leaves.

e. 25.0% of the Fannie Mae REO properties in communities of color had damaged or boarded windows, while none of the Fannie Mae REO properties in predominantly white neighborhoods had damaged or boarded windows.

*Toledo, OH*

149. In the Toledo, OH metropolitan area:

a. On October 17, 2014, Plaintiffs visited Defendant's REO property located at 6539 Glenhurst Dr., Maumee, OH 43537. This property is located in a census block group with a white population of 86.68%. This property had 4 maintenance deficiencies: one overgrown shrub, side gate removed, stain on siding, and bent screen.



b. On October 17, 2014, Plaintiffs visited Defendant's REO property located at 328 Cumberland Pl, Toledo, OH 43610. This property is located in a census block group with an African-American population of 91.0%. This property had 11 maintenance deficiencies: trash, invasive plants, large branches left on roof, accumulated mail, obstructed gutters, damaged fence, damaged soffit, missing and damaged gutters, peeling paint, uncovered holes, and water damage to wood around windows.



c. At the time of Plaintiffs' investigation, both of these properties were maintained by the same Fannie Mae subcontractor/agent, Safeguard Properties Management, LLC.

150. The foregoing facts showing differing maintenance and differing treatment based on neighborhood racial composition of otherwise similarly situated REO properties is just one example of the evidence of Defendant's differing treatment adduced by Plaintiffs in the Toledo, OH metropolitan area. Overall, REO properties in predominantly white neighborhoods in Toledo, OH were far more likely to have a small number of maintenance deficiencies or problems than REO properties in communities of color, while REO properties in communities of color were far more likely to have large numbers of such deficiencies or problems than those in predominantly white neighborhoods. For example, and without listing all examples of differing maintenance because of race or national origin, the evidence that Plaintiffs gathered in Toledo, OH shows:

- a. 32.4% of the Fannie Mae REO properties in predominantly white neighborhoods had fewer than 5 maintenance deficiencies or problems, while only 9.8% of the Fannie Mae REO properties in communities of color had fewer than 5 maintenance deficiencies or problems.
- b. 37.3% of the Fannie Mae REO properties in communities of color had 10 or more maintenance deficiencies or problems, while 13.5% of the Fannie Mae REO properties in predominantly white neighborhoods had 10 or more maintenance deficiencies or problems.
- c. 31.4% of the Fannie Mae REO properties in communities of color had unsecured or broken doors and locks, while only 12.2% of the Fannie Mae REO properties in predominantly white neighborhoods had unsecured or broken doors and locks.
- d. 25.5% of the Fannie Mae REO properties in communities of color had trash visible on the property, while only 5.4% of the Fannie Mae REO properties in predominantly white neighborhoods had trash visible on the property.
- e. 78.4% of the Fannie Mae REO properties in communities of color had peeling or chipped paint, while 36.5% of the Fannie Mae REO properties in predominantly white neighborhoods had peeling or chipped paint.
- f. 58.8% of the Fannie Mae REO properties in communities of color had damaged or boarded windows, while 29.7% of the Fannie Mae REO properties in predominantly white neighborhoods had damaged or boarded windows.

*Tucson, AZ*

151. In Tucson, AZ:

- a. On October 20, 2012, Plaintiffs visited Defendant's REO property located at 5731 East 9<sup>th</sup> Street, Tucson, AZ 85711. This property is located in a census block

1 group with a white population of 64.86%. This property had only 2 maintenance  
2 deficiencies: accumulated mail and trespassing or warning signs.

3 b. On October 20, 2012, Plaintiffs visited Defendant's REO property located at  
4 1525 South Jefferson Avenue, Tucson AZ 85711. This property is located in a census  
5 block group with a non-white population of 62.92%. This property had 7 maintenance  
6 deficiencies: overgrown grass, dead grass, invasive plants, a damaged fence, trespassing  
7 or warning signs, damaged siding, and exposed or tampered-with utilities.

8 c. At the time of Plaintiffs' investigation, both of these properties were  
9 maintained by the same Fannie Mae subcontractor/agent, which upon information and  
10 belief was Safeguard Properties Management, LLC.

11  
12 152. The foregoing facts showing differing maintenance and differing treatment based  
13 on neighborhood racial composition of otherwise similarly situated REO properties is just one  
14 example of the evidence of Defendant's differing treatment adduced by Plaintiffs in Tucson,  
15 AZ. Overall, REO properties in predominantly white neighborhoods in Tucson, AZ were far  
16 more likely to have a small number of maintenance deficiencies or problems than REO  
17 properties in communities of color, while REO properties in communities of color were far  
18 more likely to have large numbers of such deficiencies or problems than those in  
19 predominantly white neighborhoods. For example, and without listing all examples of differing  
20 maintenance because of race or national origin, the evidence that Plaintiffs gathered in Tucson,  
21 AZ shows:  
22

23  
24 a. 76.9% of the Fannie Mae REO properties in predominantly white neighborhoods  
25 had fewer than 5 maintenance deficiencies or problems, while only 50.0% of the  
26 Fannie Mae REO properties in communities of color had fewer than 5  
27 maintenance deficiencies or problems.  
28



- 1           b. 50.0% of the Fannie Mae REO properties in communities of color had 5 or more  
2           maintenance deficiencies or problems, while only 23.1% of the Fannie Mae REO  
3           properties in predominantly white neighborhoods had 5 or more maintenance  
4           deficiencies or problems.
- 5           c. 36.4% of the Fannie Mae REO properties in communities of color had damaged  
6           siding, while none of the Fannie Mae REO properties in predominantly white  
7           neighborhoods had damaged siding.
- 8           d. 9.1% of the Fannie Mae REO properties in communities of color had unsecured  
9           or broken doors and locks, while none of the Fannie Mae REO properties in  
10          predominantly white neighborhoods had unsecured or broken doors and locks.
- 11          e. 27.3% of the Fannie Mae REO properties in communities of color had damaged  
12          or boarded windows, while only 15.4% of the Fannie Mae REO properties in  
13          predominantly white neighborhoods had damaged or boarded windows.

14  
15 *Vallejo, CA*

16  
17 153. In the Vallejo, CA metropolitan area:

18           a. On February 13, 2014, Plaintiffs visited Defendant's REO property located  
19           at 3575 Larchmont Court, Fairfield, CA 94534. This property is located in a census  
20           block group with a white population of 58.75%. This property had only 2 maintenance  
21           deficiencies: dead shrubbery and dead grass.

22           b. On February 4, 2014 Plaintiffs visited Defendant's REO property located at  
23           1106 Kentucky Street, Vallejo, CA 94590. This property is located in a census block  
24           group with a non-white population of 76.95%. This property had 14 maintenance  
25           deficiencies: trash and debris, accumulated mail, dead leaves, dead shrubbery, dead  
26           grass, invasive plants, a damaged fence, holes in the structure of home, trespassing or  
27

1 warning signs, peeling and chipped paint, damaged siding, an uneven paint job on the  
2 home's siding, and a missing gutter.

3 c. At the time of Plaintiffs' investigation, both of these properties were  
4 maintained by the same Fannie Mae subcontractor/agent, Asset Management  
5 Specialists, Inc.

6 154. The foregoing facts showing differing maintenance and differing treatment based  
7 on neighborhood racial composition of otherwise similarly situated REO properties is just one  
8 example of the evidence of Defendant's differing treatment adduced by Plaintiffs in the  
9 Valejo, CA metropolitan area. Overall, REO properties in predominantly white  
10 neighborhoods in the Vallejo, CA metropolitan area were far more likely to have a small  
11 number of maintenance deficiencies or problems than REO properties in communities of color,  
12 while REO properties in communities of color were far more likely to have large numbers of  
13 such deficiencies or problems than those in predominantly white neighborhoods. For example,  
14 and without listing all examples of differing maintenance because of race or national origin, the  
15 evidence that Plaintiffs gathered in the Vallejo, CA metropolitan area shows:  
16  
17

18 a. 47.4% of the Fannie Mae REO properties in predominantly white neighborhoods  
19 had fewer than 5 maintenance deficiencies or problems, while only 34.7% of the  
20 Fannie Mae REO properties in communities of color had fewer than 5  
21 maintenance deficiencies or problems.

22 b. 12.2% of the Fannie Mae REO properties in communities of color had 10 or more  
23 maintenance deficiencies or problems, while none of the Fannie Mae REO  
24 properties in predominantly white neighborhoods had 10 or more maintenance  
25 deficiencies or problems.  
26

- 1 c. 38.8% of the Fannie Mae REO properties in communities of color had trash  
2 visible on the property, while only 10.5% of the Fannie Mae REO properties in  
3 predominantly white neighborhoods had trash visible on the property.
- 4 d. 22.4% of the Fannie Mae REO properties in communities of color had 10.0% to  
5 50.0% of the property covered in invasive plants, while only 10.5% of the Fannie  
6 Mae REO properties in predominantly white neighborhoods had 10.0% to 50.0%  
7 of the property covered in invasive plants.
- 8 e. 10.2% of the Fannie Mae REO properties in communities of color had damaged  
9 steps and handrails, while none of the Fannie Mae REO properties in  
10 predominantly white neighborhoods had damaged steps and handrails.
- 11 f. 8.2% of the Fannie Mae REO properties in communities of color had a damaged  
12 roof, while none of the Fannie Mae REO properties in predominantly white  
13 neighborhoods had a damaged roof.
- 14 g. 22.4% of the Fannie Mae REO properties in communities of color had damaged  
15 or boarded windows, while 10.5% of the Fannie Mae REO properties in  
16 predominantly white neighborhoods had damaged or boarded windows.
- 17 h. 30.6% of the Fannie Mae REO properties in communities of color had holes in  
18 the structure of the home, while only 15.8% of the Fannie Mae REO properties  
19 in predominantly white neighborhoods had holes in the structure of the home.
- 20 i. 30.6% of the Fannie Mae REO properties in communities of color had damaged  
21 siding, while only 15.8% of the Fannie Mae REO properties in predominantly  
22 white neighborhoods had damaged siding.
- 23  
24  
25  
26  
27  
28

1 *Washington, D.C. & Prince George's County, MD*

2 155. In the Washington, D.C. and Prince George's County, MD area:

3 a. On June 4, 2014, Plaintiffs visited Defendant's REO property located at  
4 23414 Winemiller Way, Clarksburg, MD 20871. This property is located in a census  
5 block group with a white population of 56.15%. This property had 1 maintenance  
6 deficiency: a hanging sign fell from the post for sale sign.

7 b. On June 4, 2014, Plaintiffs visited Defendant's REO property located at  
8 23219 Murdock Ridge Way, Clarksburg, MD 20871. This property is located in a  
9 census block group with a majority non-white population of 66.93%. This property had  
10 3 maintenance deficiencies: overgrown grass, trespassing warning sign, and small  
11 amount of discoloration/algae.  
12

13 c. At the time of Plaintiffs' investigation, both of these properties were  
14 maintained by the same Fannie Mae subcontractor/agent, Cyprexx Services, LLC.  
15

16 156. The foregoing facts showing differing maintenance and differing treatment based  
17 on neighborhood racial composition of otherwise similarly situated REO properties is just one  
18 example of the evidence of Defendant's differing treatment adduced by Plaintiffs in the  
19 Washington, D.C. & Prince George's County, MD area. Overall, REO properties in  
20 predominantly white neighborhoods in Washington, D.C. & Prince George's County, MD were  
21 far more likely to have a small number of maintenance deficiencies or problems than REO  
22 properties in communities of color, while REO properties in communities of color were far  
23 more likely to have large numbers of such deficiencies or problems than those in  
24 predominantly white neighborhoods. For example, and without listing all examples of differing  
25 maintenance because of race or national origin, the evidence that Plaintiffs gathered in  
26 Washington, D.C. & Prince George's County, MD shows:  
27  
28

- 1 a. 80.0% of the Fannie Mae REO properties in predominantly white neighborhoods  
2 had fewer than 5 maintenance deficiencies or problems, while only 27.3% of the  
3 Fannie Mae REO properties in communities of color had fewer than 5  
4 maintenance deficiencies or problems.
- 5 b. 72.7% of the Fannie Mae REO properties in communities of color had 5 or more  
6 maintenance deficiencies or problems, while 20.0% of the Fannie Mae REO  
7 properties in predominantly white neighborhoods had 5 or more maintenance  
8 deficiencies or problems.
- 9 c. 30.9% of the Fannie Mae REO properties in communities of color had trash  
10 visible on the property, while none of the Fannie Mae REO properties in  
11 predominantly white neighborhoods had trash visible on the property.
- 12 d. 49.1% of the Fannie Mae REO properties in communities of color had peeling or  
13 chipped paint, while none of the Fannie Mae REO properties in predominantly  
14 white neighborhoods had peeling or chipped paint.
- 15 e. 27.3% of the Fannie Mae REO properties in communities of color had broken or  
16 hanging gutters, while none of the Fannie Mae REO properties in predominantly  
17 white neighborhoods had broken or hanging gutters.
- 18 f. 36.4% of the Fannie Mae REO properties in communities of color had damaged  
19 or boarded windows, while none of the Fannie Mae REO properties in  
20 predominantly white neighborhoods had damaged or boarded windows.
- 21 g. 32.7% of the Fannie Mae REO properties in communities of color had a damaged  
22 fence, while none of the Fannie Mae REO properties in predominantly white  
23 neighborhoods had a damaged fence.
- 24  
25  
26  
27  
28

**C. Plaintiffs Advised Fannie Mae of Its Systemic Racial Discrimination, But Fannie Mae Did Not Change Its Behavior.**

157. During an initial investigation into the maintenance of REO properties throughout the lending industry in 2009-2010, Plaintiffs observed that many of the REO properties demonstrating poor maintenance in communities of color were owned by Defendant Fannie Mae. NFHA held several meetings with Fannie Mae officials—including several vice-presidents and senior vice presidents with ultimate responsibility for REO management and maintenance—and shared evidence gathered from the investigations, including photographs and dates of the investigations, to demonstrate the nature and extent of the failed maintenance in communities of color as compared to white neighborhoods. Subsequently, in 2012, Plaintiffs published and disseminated the results of its industry-wide investigation, *see* <http://www.nationalfairhousing.org/Portals/33/Banks%20are%20Back%20Final%2012.3.2012.pdf>, and continued to engage with Fannie Mae officials. While this report did not name specific lenders or Fannie Mae, Plaintiffs informed Fannie Mae of its findings regarding Fannie Mae-owned properties and appealed to Fannie Mae to instruct its REO maintenance agents to cease and desist their discriminatory behavior. Plaintiffs even offered examples of Freddie Mac maintaining its REO properties in predominantly minority neighborhoods to a quality standard that Fannie Mae should adopt. Plaintiffs thereafter continued to gather additional evidence regarding Fannie Mae's agents' maintenance of its REO properties. Prior to the initiation of this litigation, Plaintiffs met several more times with multiple sets of Fannie Mae officials, informing Fannie Mae officials repeatedly that their agents' maintenance of REO properties remained discriminatory because the same discriminatory pattern was unchanged since 2009.

1           158. At these meetings, Plaintiffs provided photographs and comparative data to  
2 Fannie Mae demonstrating its agents' poor maintenance of REO properties in communities of  
3 color. Plaintiffs specifically identified which of Fannie Mae's agents performing the REO  
4 maintenance—including Safeguard Properties Management, LLC; Cyprexx Services, LLC;  
5 and Asset Management Specialists, Inc.—were engaging in the discriminatory maintenance  
6 behavior. Plaintiffs asked Fannie Mae to take appropriate action against its agents, and to  
7 eliminate its own corporate policies (identified below) that contributed to its agents'  
8 discriminatory behavior.  
9

10           159. Despite Plaintiffs' providing notice and factual evidence of its agents'  
11 discriminatory behavior, Fannie Mae officials did nothing to change that behavior, renewed its  
12 contracts with these same agents, and allowed the discrimination to continue. Plaintiffs  
13 continued to investigate the behavior of Fannie Mae and its agents after these meetings, but the  
14 discrimination continued.  
15

16           160. In 2013 and 2014, Plaintiffs filed with the U.S. Department of Housing and  
17 Urban Development ("HUD") several administrative complaints of discrimination against  
18 Defendant's REO maintenance agents pursuant to 42 U.S.C. § 3610, including Safeguard  
19 Properties Management, LLC, Cyprexx Services, LLC, and Asset Management Specialists,  
20 Inc.. Plaintiffs advised Defendant of those HUD administrative complaints against its agents,  
21 and continued to offer concrete solutions to the ongoing problem of discriminatory differing  
22 treatment. Plaintiffs made more attempts to obtain voluntary compliance and met with Fannie  
23 Mae representatives again in September 2014 and January 2015.  
24

25           161. After six years of meetings with the Defendant and expanding their  
26 investigations to 38 metropolitan areas, on May 13, 2015, Plaintiffs filed with HUD an  
27 administrative complaint of discrimination against Defendant Fannie Mae pursuant to 42  
28



1 U.S.C. § 3610. That administrative complaint, as well as the administrative complaints against  
2 its REO maintenance agents, was voluntarily withdrawn by Plaintiffs after this litigation was  
3 filed.

4 162. Despite Plaintiffs' notices and lengthy efforts to obtain Fannie Mae's voluntary  
5 compliance with the Fair Housing Act, and with intent and knowledge of the allegations above,  
6 and deliberate indifference, Fannie Mae did not change its behavior, continued to use the same  
7 maintenance agents, did not manage the discriminatory behavior of its maintenance agents, and  
8 continued to maintain its REO properties differently based on the predominant race or national  
9 origin of neighborhoods.  
10

11 163. Not only was Fannie Mae thus put on actual notice of the discriminatory  
12 maintenance described in this complaint, Fannie Mae is well aware of the negative effects that  
13 poorly maintained REO dwellings can have on neighborhoods. Fannie Mae maintains a  
14 website that lists all of its REO inventory: [www.homepath.com](http://www.homepath.com). On this website, Fannie Mae  
15 states that, in addition to maintaining its REO inventory to a level of market readiness, it also  
16 strives to "be a good neighbor," "support marketing efforts," and "support neighborhood  
17 stabilization." Its stated goals include to "minimize Fannie Mae's exposure to potential  
18 property damage and liability and remove any REO stigma from Fannie Mae-owned  
19 properties."  
20

21 164. The Homepath website also states that "Fannie Mae's property maintenance  
22 practices are part of its overall neighborhood stabilization efforts, which include prioritizing  
23 sales to owner occupants and selling properties in a timely manner to promote stability and  
24 minimize the impact to the local community."  
25

26 165. Fannie Mae has also maintained a "First Look" program throughout the time that  
27 Plaintiffs were conducting their REO investigation. The First Look program allows owner-  
28

1 occupants and non-profits to purchase foreclosures for 20 days prior to when they are made  
 2 available to investors. The program was created at Fannie Mae to “promote homeownership  
 3 and support neighborhood stabilization.” Yet, most homeowners are not inclined to purchase a  
 4 poorly maintained home, and many real estate agents will not actively show homes in poor  
 5 condition, so in communities of color the 20-day First Look program does little to nothing to  
 6 prevent investor purchases from dominating the REO market.

7  
 8 166. Fannie Mae’s statements and programs demonstrate its understanding that  
 9 adequate REO maintenance and disposition are a critical component of neighborhood  
 10 stabilization and recovery. They also establish Fannie Mae’s knowledge that neglecting its REO  
 11 properties and allowing them to deteriorate has a direct, negative effect on entire  
 12 neighborhoods. Despite this awareness of the negative effects of poorly maintained REO  
 13 dwellings, and despite its stated business policy of maintaining properties for market readiness,  
 14 Fannie Mae acted in a manner that is inconsistent with these standards, even after Plaintiffs  
 15 presented evidence that its agents were poorly maintaining REO dwellings in neighborhoods of  
 16 color.  
 17

18 **D. Fannie Mae and/or Its Agents Have Acted With Intent to Discriminate Because of**  
 19 **Race or With Deliberate Indifference to the Racial Consequences of Their Actions.**

20 167. The evidence Plaintiffs have accumulated thus far and set forth above strongly  
 21 suggests that Fannie Mae and/or its agents have acted with intent or with deliberate indifference  
 22 to the consequences of their actions. Many of the factual indicia of a discriminatory motive are  
 23 present here, including: the differing treatment of similarly situated comparators (¶¶ 63-78, 79-  
 24 155); departures from the Defendant’s normal or substantive criteria (¶¶ 54-56); behavior that is  
 25 inconsistent with the Defendant’s legitimate business purposes and its goals to maximize resale  
 26 value (¶¶ 53, 54-56, 163-166); behavior that is inconsistent with industry norms (¶¶ 157, 171);  
 27  
 28

1 the pronounced disparate impact and segregative effect of the Defendant's actions (§§ 63-78,  
 2 173, 174-186); and the Defendant's knowledge that its behavior and the behavior of its agents  
 3 might be in violation of the Fair Housing Act by causing discrimination in neighborhoods of  
 4 color as compared to predominantly white neighborhoods, but not changing its behavior (§§  
 5 157-166, 172).

6 168. The intentional differing maintenance and treatment of REO properties because  
 7 of the racial composition of the neighborhood in which the properties are located is the direct  
 8 and proximate cause of the disparities alleged herein and revealed by Plaintiffs' investigation.  
 9

10 169. This consistent and repetitive pattern of discriminatory treatment—across cities  
 11 and over the span of time and involving multiple REO maintenance agents—further indicates  
 12 that Defendant's practices are the result of an intentional and purposeful discriminatory policy  
 13 set at a high level of Defendant's management with responsibility for Defendant's policies  
 14 nationwide.  
 15

16 170. Defendant's actions are also inconsistent with legitimate business purposes.  
 17 There are no valid business purposes served by, or valid excuses for, Defendant's differing  
 18 maintenance of REO properties based on neighborhood racial composition. Fannie Mae has a  
 19 financial interest in maintaining and securing its inventory of REO properties in order to  
 20 preserve the value of the property until it is sold. That it fails to act in accordance with what  
 21 should be its financial interest raises an inference that it is instead motivated by discriminatory  
 22 intent.  
 23

24 171. Defendant's actions are also inconsistent with industry norms. Notably, during  
 25 the relevant time period, Plaintiffs' investigation of REO properties owned by Freddie Mac, an  
 26 analogous public government-sponsored enterprise, revealed no differences between the quality  
 27 of maintenance of Freddie Mac's REO properties in communities of color and those in  
 28

1 predominantly white neighborhoods. Freddie Mac is a sound comparator to Fannie Mae because  
2 it is similarly situated to Fannie Mae with respect to its REO maintenance responsibilities: both  
3 are government-sponsored enterprises that purchase and guarantee home mortgages on the  
4 secondary market; both obtain title and ownership of properties if those mortgages default and  
5 are foreclosed upon; both experienced a significant increase in property ownership as a result of  
6 the financial crisis, resulting in large inventories of REO properties throughout the nation; and  
7 both were subsequently responsible for the large-scale endeavor of maintaining those REO  
8 properties. However, in stark contrast to their findings with respect to Fannie Mae, Plaintiffs  
9 found no differences in Freddie Mac's exterior maintenance of REO properties based on racial  
10 or ethnic composition of the neighborhood.  
11

12 172. In addition, and as set forth above in ¶¶ 18-20, 157-162, on numerous occasions  
13 throughout the course of their investigation, Plaintiffs met with Fannie Mae officials, including  
14 officials from Fannie Mae's REO division, and informed Fannie Mae of their findings and  
15 appealed to Fannie Mae to cease and desist its discriminatory behavior. Prior to the initiation of  
16 this litigation, Plaintiffs met several more times with Fannie Mae officials and informed them  
17 again that their maintenance of REO properties was discriminatory, a pattern that had remained  
18 unchanged since 2009. Plaintiffs provided photographs and comparative data to Fannie Mae  
19 demonstrating its poor maintenance of REO properties in communities of color as compared to  
20 white neighborhoods. Despite Plaintiffs' notices and lengthy efforts to obtain Fannie Mae's  
21 voluntary compliance with the Fair Housing Act, and with intent and deliberate indifference,  
22 and with reckless disregard as to whether it was violating the Fair Housing Act, Fannie Mae did  
23 not change its behavior and continued to maintain its REO properties differently based on the  
24 predominant race or ethnicity of neighborhoods.  
25  
26  
27  
28

173. Moreover, the evidence establishing a finding of disparate impact is also highly probative of Fannie Mae's motive, because "a racial imbalance is often a telltale sign of purposeful discrimination." *Int'l Bhd of Teamsters v. U.S.*, 431 U.S. 324, 339-40 n.20 (1977). And evidence of a disproportionate outcome can provide an important starting point in establishing a claim of intentional discrimination. Thus, Fannie Mae's maintenance policies and practices are also relevant to Plaintiffs' claims that its inferior and inadequate maintenance disproportionately occurring in communities of color is intentional.

**E. Fannie Mae's REO Maintenance Policies and Practices Cause a Disproportionate Adverse Impact on Communities of Color.**

174. Fannie Mae has designed a national practice and policy of having its lower-level agents and employees determine whether to conduct an REO exterior maintenance task and how to conduct it. Fannie Mae's practice thus gave these agents and employees the ability to exercise high levels of discretion with minimal input from Fannie Mae. Fannie Mae's practice and policy of committing REO exterior maintenance decisions to the subjective and unguided discretion of its lower-level agents and employees have caused a disproportionately adverse impact on communities of color.

175. Fannie Mae's discretionary exterior maintenance practice and policy allows agents to discriminate in the exercise of their maintenance duties. For example, Fannie Mae did not provide specific requirements regarding how often exterior REO maintenance should be performed by its agents or employees. In contrast, Fannie Mae provided detailed instructions to its agents with regard to other REO services, including directing them to perform tasks on a monthly basis.

176. Moreover, Fannie Mae relied almost exclusively on the reports of its lower-level agents to ensure that REO properties were being maintained in a proper manner. Unless the

1 lower-level agents requested a bid or payment for conducting an exterior maintenance task,  
2 then Fannie Mae's business practice allowed for little (if any) independent knowledge of  
3 whether the property actually required exterior maintenance. Notably, upon information and  
4 belief, during the relevant time period, Fannie Mae performed independent quality checks on  
5 as few as 10.0% of its properties on an annual basis. A 2015 report by the Office of Inspector  
6 General of the Federal Housing Finance Agency criticized Fannie Mae's quality control  
7 protocol, noting that there was "significant risk" that it would be insufficient to assess the  
8 quality of REO maintenance activities over a sustained period of time.  
9

10 177. The exercise of the agents and employees' subjective and unguided discretion  
11 (and Fannie Mae's policy allowing for this discretion without appropriate quality control)  
12 resulted in REO properties in communities of color receiving less exterior maintenance than  
13 REO properties in predominantly white neighborhoods. The observed disparities persist even  
14 after a regression analysis for non-racial factors.  
15

16 178. Data further establishes that the exterior maintenance of REO properties under  
17 Fannie Mae's maintenance practices and policies varied based on the age and/or the value of  
18 the properties.

19 179. Policies and practices based on the age or value of residential property can result  
20 in an adverse impact on homeowners in communities of color. As early as 1994, HUD and  
21 other federal financial regulatory agencies noted that housing policies that vary based on the  
22 age or value of properties can have a disproportionate effect on minority communities. Fannie  
23 Mae's maintenance practices and policies that are linked to the REO property age and/or value  
24 cause inferior maintenance to occur disproportionately in communities of color.  
25  
26  
27  
28

180. Separately and in combination, Fannie Mae's maintenance policies and practices are a cause of inferior and inadequate maintenance disproportionately occurring in communities of color.

**F. Fannie Mae's Discriminatory Maintenance of REO Properties Perpetuates Segregation.**

181. Each of the cities in which Defendant's maintenance of REO properties was investigated except Vallejo, CA is moderately or highly segregated under the dissimilarity index measure.

182. The "dissimilarity index" is a well-recognized standard for evaluating a community's level of segregation. The index measures whether one particular racial group is distributed across census tracts in the metropolitan area in the same way as another racial group. A high dissimilarity index indicates that the two groups tend to live in different tracts. The index ranges from 0 to 100. A value of 60 or more is considered a very high level of segregation. It means that 60% (or more) of the members of one group who reside in the area would need to move to a different tract within that area in order for the two groups to be equally distributed. Values of between 40 and 50 demonstrate a moderate level of segregation, and values of 30 or below indicate a low level of segregation.

183. The cities investigated by Plaintiffs are located in metropolitan areas that have the following dissimilarity indices:

Metropolitan Area	2010 Black-White Dissimilarity Index	2010 Hispanic-White Dissimilarity Index
Albuquerque, New Mexico	29.2	36.4
Atlanta, Georgia	58.4	49.4
Baltimore, Maryland	64.3	39.8
Baton Rouge, Louisiana	57.2	32.7
Charleston, South Carolina	40.8	39.8
Chicago, Illinois	75.2	56.3
Cleveland, Ohio	72.6	52.3
Columbus, Ohio	60.0	41.4



1	Dallas, Texas	55.5	50.3
	Dayton, Ohio	63.3	27.3
2	Denver, Colorado	59.4	48.8
	Fort Worth, Texas	56.3	45.6
3	Gary, Indiana	76.8	43.7
	Grand Rapids, Michigan	61.4	50.4
4	Greater Palm Beaches, Florida	57.3	42.6
	Hartford, Connecticut	62.3	58.4
5	Indianapolis, Indiana	64.5	47.3
	Kansas City, Missouri	58.6	44.4
6	Las Vegas, Nevada	35.9	42.0
	Louisville, Kentucky	56.2	38.7
7	Memphis, Tennessee	62.2	50.7
8	Miami, Florida	64.0	57.4
	Milwaukee, Wisconsin	79.6	57.0
9	Minneapolis, Minnesota	50.2	42.5
10	Muskegon, Michigan	71.2	30.4
	New Orleans, Louisiana	63.3	38.3
11	Newark, New Jersey	78.0	62.6
	Oakland, California	56.6	48.3
12	Orlando, Florida	49.3	40.2
	Philadelphia, Pennsylvania	67.0	55.1
13	Phoenix, Arizona	41.3	49.3
	Providence, Rhode Island	50.8	60.1
14	Richmond, California	51.1	50.6
	Richmond, Virginia	51.6	44.9
15	San Diego, California	48.4	49.6
16	Toledo, Ohio	63.2	31.4
	Tucson, Arizona	34.5	46.2
17	Vallejo, California	41.5	29.2
18	Washington, D.C. & Prince George's County, MD	61.0	48.3

184. From the 1990s through 2008, many financial institutions in the country engaged in persistent discrimination and reverse redlining to target minority neighborhoods for high-priced, high risk mortgages. These predatory practices contributed to the financial crisis—indeed, analyses have shown that segregation was a significant cause of the foreclosure crisis—and resulted in the concentration of foreclosures, and thus bank-owned REO properties, in minority neighborhoods. The high concentration of foreclosures in minority neighborhoods served to exacerbate the existing high levels of residential segregation in many communities. All of this was or should have been known to Fannie Mae.

185. By failing to maintain REO dwellings in communities of color according to the same standards as it maintains REO dwellings in predominantly white neighborhoods, Fannie Mae perpetuates racial segregation. These communities of color “have long suffered the harsh consequences of segregated housing patterns.” *Texas Dep’t of Housing and Community Affairs v. Inclusive Communities Project, Inc.*, 135 S. Ct. 2507, 2525 (2015). Fannie Mae’s behavior is the type of “covert and illicit stereotyping”, *id.* at 2522, that stigmatizes communities of color as less desirable than predominantly white neighborhoods. The prospects for integration in the affected neighborhoods are reduced because white buyers are deterred from purchasing homes in neighborhoods with poorly maintained REO properties, leaving the existing segregated racial composition of these neighborhoods unchanged or worsened.

186. The existence of poorly maintained REO dwellings in a neighborhood diminishes home values for surrounding homeowners. According to HUD, vacant properties become a problem “when the property owner abandons the basic responsibilities of ownership, such as routine maintenance . . . .” *See Vacant and Abandoned Properties: Turning Liabilities Into Assets*, available at <https://www.huduser.gov/portal/periodicals/em/winter14/highlight1.html>. Vacant and abandoned properties have negative spillover effects that affect neighboring properties and, when concentrated, entire communities and cities. Research links foreclosed, vacant, and abandoned properties with reduced property values, increased crime, increased risk to public health and welfare, and increased costs for municipal governments. *Id.* The Appraisal Institute cautions that such “external obsolescence” can lower neighboring home values by 5.0% to 10.0%. The reduction in home values in predominantly minority neighborhoods necessarily reduces the equity minority homeowners can use to buy a new home, thereby restricting the ability of minority homeowners to move to other, less segregated neighborhoods. Allowing

1 REO properties in neighborhoods of color to deteriorate has the necessary and foreseeable  
 2 consequence of perpetuating segregation by re-entrenching the vestiges of historically  
 3 discriminatory practices.

#### 4 **V. INJURY CAUSED BY DEFENDANT'S BEHAVIOR**

##### 5 **A. Injury to All Plaintiffs**

6 187. The unlawful discriminatory practices of Defendant have proximately caused  
 7 actual injury to each of the Plaintiffs.  
 8

9 188. The particularized and concrete injuries suffered by Plaintiffs are intimately  
 10 connected to the conduct that the Fair Housing Act prohibits. Specifically, Defendant's  
 11 housing practices have injured Plaintiffs by: (a) undermining Plaintiffs' education, advocacy,  
 12 and training programs designed to promote fair housing and fair lending; (b) requiring  
 13 Plaintiffs to divert scarce resources away from their usual activities and instead to devote  
 14 substantial time to evaluating properties, reviewing data, interviewing witnesses, engaging in a  
 15 counteractive education and outreach campaign, and developing educational materials to  
 16 identify and address Defendant's racially discriminatory maintenance practices; (c) frustrating  
 17 Plaintiffs' missions of increasing fair and equal access to housing for all Americans and in all  
 18 neighborhoods, regardless of race, color, or national origin; (d) frustrating Plaintiffs' missions  
 19 to eliminate racial segregation in their communities; (e) harming the communities that  
 20 Plaintiffs serve; and (f) impeding Plaintiffs' community investment programs designed to  
 21 stabilize neighborhoods of color and increase homeownership for all people in these same  
 22 neighborhoods.  
 23  
 24

25 189. By requiring Plaintiffs to expend substantial time and resources investigating and  
 26 counteracting Defendant's unlawful conduct, Defendant has harmed Plaintiffs economically by  
 27 forcing Plaintiffs to divert scarce resources away from their usual education, counseling,  
 28

1 investigation, and capacity-building activities and services. As Defendant's discriminatory  
2 practices persist, addressing and counteracting Defendant's discriminatory conduct will  
3 continue to require a substantial diversion of resources by Plaintiffs away from their usual  
4 activities.

5 190. In order to identify and counteract Defendant's discriminatory conduct, Plaintiffs  
6 had to divert scarce resources and time away from other projects and programs. These  
7 expenditures were not initially included in Plaintiffs' budgets. As a result, each Plaintiff had to  
8 pull resources away from other planned and budgeted projects in order to garner the resources  
9 necessary to counteract Fannie Mae's behavior. New grant applications had to be refocused  
10 from longstanding needs to address the immediate problem caused by Fannie Mae's failure to  
11 maintain its REO properties.  
12

13 191. Because of the measures Plaintiffs were forced to take to identify and counteract  
14 Defendant's discriminatory practices, Plaintiffs were forced to delay, suspend, or forgo other  
15 existing programs or projects. For example, NFHA had to forgo conducting sales  
16 investigations to combat racial steering because staff was needed to conduct REO  
17 investigations of Fannie Mae across the country. Despite this impact on Plaintiffs' other  
18 programs and services, Plaintiffs nevertheless diverted resources to these counteractive  
19 measures because, if left unaddressed, Fannie Mae's discriminatory policies would have a  
20 significant harmful effect on Plaintiffs' communities and the constituents they serve.  
21

22 192. Defendant's discriminatory conduct has also injured Plaintiffs economically by  
23 hindering Plaintiffs' community investment efforts. Over the past three years, Plaintiffs have  
24 provided over \$18 million to 13 fair housing organizations so they could provide services and  
25 grants to local housing non-profit organizations and neighborhood investment funds in 13  
26 communities included within this Complaint. Plaintiffs also provided more than \$8 million in 6  
27  
28

1 neighborhoods in cities that are also part of this complaint to conduct education and outreach  
2 around REO best practices and to foster homeownership, to assist with rebuilding  
3 predominantly African-American and Latino neighborhoods affected by the foreclosure crisis,  
4 and to promote diverse, inclusive communities. These funds have been leveraged to obtain an  
5 additional \$17.3 million in corporate and foundation grants for the same communities. They  
6 have allowed 790 homeowners to remain in their homes through foreclosure prevention or  
7 home repair grants, rehabilitated 685 abandoned or blighted dwellings, and made 182 housing  
8 units accessible to persons with disabilities.  
9

10 193. These financial investments have been and are continuing to be undermined by  
11 the existence of deteriorating and poorly maintained Fannie Mae REO properties in the same  
12 communities.

13 194. In efforts to address and attempt to counteract the effects of Defendant's  
14 discriminatory conduct, prior to the filing of this action, each of the Plaintiffs engaged in  
15 community outreach and public efforts to raise awareness of these discriminatory practices in  
16 the communities each Plaintiff serves.  
17

18 195. The diversion and expenditure of financial resources and staff time, included, but  
19 was not limited to: time and costs associated with drafting and distributing educational  
20 materials; mailing costs and graphic design expenses; travel time and expenses; and staff hours  
21 diverted from other work to conduct these outreach activities. In addition to implementing  
22 these counteractive measures, Plaintiffs were required to spend additional time designing and  
23 preparing counteractive strategies specifically targeted toward addressing the impact of  
24 Defendant's unlawful behavior. Thus, Plaintiffs not only diverted scarce time and resources  
25 away from routine tasks and activities to conducting education and outreach, but also to  
26 preparing the education and outreach strategy and materials on REO maintenance.  
27  
28

1           196. These injuries have caused Plaintiffs to incur costs that are above and beyond the  
2 operational activities and costs normally expended by Plaintiffs.

3           **B. Injuries to Individual Plaintiffs**

4           197. Each Plaintiff has suffered particularized and concrete injuries caused by  
5 Defendant's discriminatory behavior.

6                           **National Fair Housing Alliance**

7  
8           198. Over the course of five years, Plaintiff NFHA has conducted hundreds of  
9 inspections of Fannie Mae REO properties across the nation. NFHA has also conducted joint  
10 inspections with many of the Plaintiffs listed below. In total, NFHA has expended more than  
11 4,000 hours on its investigation into Fannie Mae's discriminatory maintenance and marketing.

12           199. As a result of this expenditure of time and resources, NFHA was forced to divert  
13 resources and time away from other intended projects and programs, and to delay, suspend, or  
14 even cancel such programming. Defendant's discriminatory conduct caused NFHA to forgo  
15 opportunities including executing new fair housing advocacy projects or investigations,  
16 conducting additional consulting and training of housing providers, applying for new grants  
17 and funding sources, attending conferences, and professional staff development.

18  
19           200. In addition, NFHA engaged in significant community outreach and public  
20 education efforts in order to address and attempt to counteract the effects of Defendant's  
21 conduct. NFHA's efforts include: meeting with local, state, and federal government officials  
22 (including the Federal Reserve Board, state House of Representatives, and at least 10 local  
23 governments/jurisdictions); authoring and distributing at least three reports about  
24 discrimination in maintenance of REO properties, which were subsequently mailed to local and  
25 state governments; conducting numerous fair housing trainings regarding REO maintenance to  
26 real estate professionals and bank employees; planning and sponsoring a conference on REO  
27  
28

1 maintenance; serving as keynote speaker and presenting on numerous panels regarding the  
2 economic impact of discriminatory REO maintenance; and authoring a book chapter regarding  
3 discrimination in REO maintenance.

4 201. Defendant's actions have also frustrated the mission and purpose of NFHA. As  
5 described in greater detail above, NFHA's mission is to ensure equal housing opportunities and  
6 to fight unlawful discrimination and segregation. Defendant's discriminatory maintenance  
7 directly impedes its efforts and frustrates its mission.  
8

9 202. Finally, NFHA has expended at least \$3.4 million of its own funds to engage in  
10 community development, homeownership promotion, and neighborhood stabilization efforts  
11 across the nation. NFHA's financial investments have been and are continuing to be  
12 undermined by the existence of deteriorating and poorly maintained Fannie Mae REO  
13 properties in those communities.  
14

15 **Fair Housing Advocates of Northern California**  
16 **(formerly Fair Housing of Marin)**

17 203. Plaintiff FHANC conducted inspections of Fannie Mae REO properties across  
18 the greater Solano and Contra Costa counties, expending over 310 hours throughout the course  
19 of this investigation.

20 204. As a result of this expenditure of time and resources, FHANC was forced to  
21 divert resources and time away from other intended projects and programs, and to delay,  
22 suspend, or even cancel such programming. Defendant's discriminatory conduct caused  
23 Plaintiff to forgo opportunities including: consulting opportunities, professional staff  
24 development, coalition meetings, and new or additional funding applications.

25 205. In addition, FHANC engaged in significant community outreach and public  
26 education efforts in order to address and attempt to counteract the effects of Defendant's  
27 conduct. Plaintiff's efforts include: meeting with local government officials regarding REO  
28



1 maintenance, including visits to senators and representatives on Capitol Hill; meeting with  
2 local service providers such as Housing and Economic Rights Advocates; creating and  
3 distributing public service announcements and conducting radio campaigns; publishing  
4 advertisements in local newspapers; sending specialized mailings to neighbors of REO  
5 properties; participating in community events; and engaging with media to raise awareness of  
6 REO-related issues.

7  
8 206. Defendant's actions have also frustrated the mission and purpose of FHANC. As  
9 described in greater detail above, FHANC's mission is to ensure equal housing opportunities  
10 and to fight unlawful discrimination and segregation. Defendant's discriminatory maintenance  
11 directly impedes its efforts and frustrates its mission.

12 207. Finally, FHANC has expended its own funds to engage in community  
13 development, homeownership promotion, and neighborhood stabilization efforts. Plaintiff's  
14 financial investments have been and are continuing to be undermined by the existence of  
15 deteriorating and poorly maintained Fannie Mae REO properties in the greater Solano and  
16 Contra Costa counties.

17  
18 **Central Ohio Fair Housing Association**

19 208. Plaintiff COFHA conducted inspections of Fannie Mae REO properties,  
20 expending over 75 hours throughout the course of this investigation.

21 209. As a result of this expenditure of time and resources, COFHA was forced to  
22 divert resources and time away from other intended projects and programs, and to delay,  
23 suspend, or even cancel such programming. Defendant's discriminatory conduct caused  
24 Plaintiff to forgo opportunities including: community and coalition meetings, professional staff  
25 development, and new funding applications.  
26  
27  
28

1           210. In addition, COFHA engaged in significant community outreach and public  
2 education efforts in order to address and attempt to counteract the effects of Defendant's  
3 conduct. Plaintiff's efforts include: organizing and conducting outreach and trainings for real  
4 estate agents in the greater Columbus metropolitan region; providing educational materials and  
5 meeting with local code or government officials regarding REO maintenance; preparing and  
6 publishing brochures/reports; creating public service announcements and advertising in local  
7 print and radio; designing targeted websites and specialized mailings; participating in  
8 community events, including presentations to Habitat for Humanity Mid-Ohio, Somali  
9 Community Association of Ohio, Legal Aid Society of Columbus, and Columbus Realist  
10 Association; engaging with media to raise awareness of REO-related issues; and meeting with  
11 officials from the City of Columbus and Franklin County, OH.  
12

13           211. Defendant's actions have also frustrated the mission and purpose of COFHA. As  
14 described in greater detail above, COFHA's mission is to ensure equal housing opportunities  
15 and to fight unlawful discrimination and segregation. Defendant's discriminatory maintenance  
16 directly impedes its efforts and frustrates its mission.  
17

18           212. Finally, COFHA has expended its own funds to engage in community  
19 development, homeownership promotion, and neighborhood stabilization efforts. Plaintiff's  
20 financial investments have been and are continuing to be undermined by the existence of  
21 deteriorating and poorly maintained Fannie Mae REO properties in the greater Columbus  
22 metropolitan region.  
23

#### 24                   **Connecticut Fair Housing Center**

25           213. Plaintiff CFHC conducted inspections of Fannie Mae's REO properties  
26 throughout Connecticut, expending over 30 hours throughout the course of this investigation.  
27  
28

214. As a result of this expenditure of time and resources, CFHC was forced to divert resources and time away from other intended projects and programs, and to delay, suspend, or even cancel such programming. Defendant's discriminatory conduct caused Plaintiff to forgo opportunities including but not limited to developing new or additional fair housing investigations, community and coalition meetings, consulting and training opportunities, new funding applications, and professional staff development.

215. In addition, CFHC engaged in significant community outreach and public education efforts in order to address and attempt to counteract the effects of Defendant's conduct. Plaintiff's efforts include: conducting classes for more than 100 real estate agents on their obligations to maintain REO properties in a non-discriminatory manner; testifying at legislative hearings at the Connecticut legislature on blight bills to raise awareness of the problems caused by differential treatment of REO properties; meeting with the Mayor of New Haven to highlight problems with REO properties in her city; and discussing REO maintenance with Connecticut's Congressional delegation during meetings on fair housing problems in Connecticut.

216. Defendant's actions have also frustrated the mission and purpose of CFHC. As described in greater detail above, CFHC's mission is to ensure equal housing opportunities and to fight unlawful discrimination and segregation. Defendant's discriminatory maintenance directly impedes its efforts and frustrates its mission.

#### **Denver Metro Fair Housing Center**

217. Plaintiff DMFHC conducted inspections of Fannie Mae REO properties across the greater Denver metropolitan area, expending over 185 hours throughout the course of this investigation.

1           218. As a result of this expenditure of time and resources, DMFHC was forced to  
2 divert limited resources and time away from other intended projects and programs, and to  
3 delay, suspend, or even cancel such programming. Defendant's discriminatory conduct caused  
4 Plaintiff to forgo opportunities including consulting and training opportunities, new funding  
5 applications, professional staff development, and new or additional fair housing investigations.

6           219. In addition, DMFHC engaged in significant community outreach and public  
7 education efforts in order to address and attempt to counteract the effects of Defendant's  
8 conduct. DMFHC's efforts include: organizing and conducting trainings regarding REO  
9 maintenance for housing providers, municipal housing employees, HUD housing counseling  
10 agency staff, and the general public in the greater Denver Metro region; meeting with local  
11 government officials regarding REO issues, including the Denver Regional Council of  
12 Governments, City and County of Denver, City of Aurora, and the State of Colorado Division  
13 of Housing; preparing and publishing brochures/reports; creating public service  
14 announcements and advertising; designing specialized mailings; participating in community  
15 events, including the Montbello 50th Anniversary Fair; and engaging with media to raise  
16 awareness for REO-related issues.

17           220. Defendant's actions have also frustrated the mission and purpose of DMFHC. As  
18 described in greater detail above, DMFHC's mission is to ensure equal housing opportunities  
19 and to fight unlawful discrimination and segregation. Defendant's discriminatory maintenance  
20 directly impedes its efforts and frustrates its mission.

21           221. Finally, DMFHC has expended its own funds to engage in community  
22 development, homeownership promotion, and neighborhood stabilization efforts. Plaintiff's  
23 financial investments have been and are continuing to be undermined by the existence of  
24  
25  
26  
27  
28

deteriorating and poorly maintained Fannie Mae REO properties in the greater Denver metropolitan region.

### **Fair Housing Center of Central Indiana**

222. Plaintiff FHCCI conducted inspections of Fannie Mae REO properties across the greater Indianapolis metropolitan region, expending 150 hours throughout the course of this investigation.

223. As a result of this expenditure of time and resources, FHCCI was forced to divert resources and time away from other intended projects and programs, and to delay, suspend, or even cancel such programming. Defendant's discriminatory conduct caused Plaintiff to forgo opportunities including: fair housing training opportunities, new funding applications, professional staff development, and expanded forms of education and outreach.

224. In addition, FHCCI engaged in significant community outreach and public education efforts in order to address and attempt to counteract the effects of Defendant's conduct. FHCCI's efforts include organizing and conducting trainings for community development and neighborhood organizations in the greater Indianapolis region; meeting with local community development organizations and government officials regarding REO maintenance; meeting with local service providers; preparing and publishing reports; creating public service announcements for local print and radio; designing specialized mailings; and engaging with media to raise awareness of REO-related issues and answer media related inquiries.

225. Defendant's actions have also frustrated the mission and purpose of FHCCI. As described in greater detail above, FHCCI's mission is to ensure equal housing opportunities and to fight unlawful discrimination and segregation. Defendant's discriminatory maintenance directly impedes its efforts and frustrates its mission.

226. Finally, FHCCI has expended its own funds to engage in community development, homeownership promotion, and neighborhood stabilization efforts. Plaintiff's financial investments have been and are continuing to be undermined by the existence of deteriorating and poorly maintained Fannie Mae REO properties in the greater Indianapolis metropolitan region.

#### **Fair Housing Center of Greater Palm Beaches**

227. Plaintiff FHCGPB conducted inspections of Fannie Mae REO properties across the greater Palm Beach metropolitan region and expended over 90 hours over the course of this investigation.

228. As a result of this expenditure of time and resources, FHCGPB was forced to divert resources and time away from other intended projects and programs, suspend, or even cancel such programming. Defendant's discriminatory conduct caused Plaintiff to forgo opportunities including fair housing education and consulting opportunities with housing providers and municipalities and new funding applications.

229. In addition, FHCGPB engaged in significant community outreach and public education efforts in order to address and attempt to counteract the effects of Defendant's conduct. Plaintiff's efforts include: holding over a dozen workshops to community service providers and local housing providers regarding REO maintenance; disseminating anti-discrimination literature; and counseling citizens of the greater Palm Beach metropolitan region on their fair housing rights under federal, Florida, and local fair housing laws.

230. Defendant's actions have also frustrated the mission and purpose of FHCGPB. As described in greater detail above, FHCGPB's mission is to ensure equal housing opportunities and to fight unlawful discrimination and segregation. Defendant's discriminatory maintenance directly impedes its efforts and frustrates its mission.

**Fair Housing Center of West Michigan**

231. Plaintiff FHCWM conducted inspections of Fannie Mae's REO properties across the western Michigan region, expending over 200 hours throughout the course of this investigation.

232. As a result of this expenditure of time and resources, FHCWM was forced to divert resources and time away from other intended projects and programs, and to delay, suspend, or even cancel such programming. Defendant's discriminatory conduct caused Plaintiff to forgo opportunities including community meetings and collaborative efforts, consulting opportunities, conferences and staff development, other systemic investigations, and funding applications.

233. In addition, FHCWM engaged in significant community outreach and public education efforts in order to address and attempt to counteract the effects of Defendant's conduct. Plaintiff's efforts include: holding workshops regarding REO issues at its Fair Housing Luncheon & Workshop Series; meeting with local code or government officials regarding REO maintenance; meeting with local service providers, stakeholders and community groups; preparing and publishing newsletters; participating in community events; and engaging with media to raise awareness of REO-related issues.

234. Defendant's actions have also frustrated the mission and purpose of FHCWM. As described in greater detail above, FHCWM's mission is to ensure equal housing opportunities and to fight unlawful discrimination and segregation. Defendant's discriminatory maintenance directly impedes its efforts and frustrates its mission.

235. Finally, FHCWM has expended its own funds to engage in community development, homeownership promotion, and neighborhood stabilization efforts. Plaintiff's financial investments have been and are continuing to be undermined by the existence of



1 deteriorating and poorly maintained Fannie Mae REO properties in the western Michigan  
2 region.

3 **Fair Housing Continuum, Inc.**

4 236. Plaintiff Fair Housing Continuum, Inc. conducted inspections of Fannie Mae  
5 REO properties in the central Florida region, expending approximately 564 hours throughout  
6 the course of this investigation.

7 237. As a result of this expenditure of time and resources, the Continuum was forced  
8 to divert resources and time away from other intended projects and programs, and to delay,  
9 suspend, or even cancel such programming. Defendant's discriminatory conduct caused  
10 Plaintiff to forgo opportunities including: new or additional fair housing investigations,  
11 individual complaint enforcement, fair housing training opportunities, and professional staff  
12 development.  
13

14 238. In addition, the Continuum engaged in significant community outreach and  
15 public education efforts in order to address and attempt to counteract the effects of Defendant's  
16 conduct. Plaintiff's efforts include hosting 141 presentations or speaking engagements related  
17 to REO issues from July 2013 through Sept. 2016 as well as engaging with media to raise  
18 awareness of REO-related issues.  
19

20 239. Defendant's actions have also frustrated the mission and purpose of the  
21 Continuum. As described in greater detail above, the Continuum's mission is to ensure equal  
22 housing opportunities and to fight unlawful discrimination and segregation. Defendant's  
23 discriminatory maintenance directly impedes its efforts and frustrates its mission.  
24

**Greater New Orleans Fair Housing Action Center**

240. Plaintiff GNOFHAC conducted inspections of Fannie Mae REO properties across the New Orleans metropolitan area, expending over 100 hours throughout the course of this investigation.

241. As a result of this expenditure of time and resources, GNOFHAC was forced to divert resources and time away from other intended projects and programs, and to delay or suspend such programming. Defendant's discriminatory conduct caused Plaintiff to forgo opportunities including presenting fair housing courses and to delay work related to its annual outreach and education events as well as for planned investigations.

242. In addition, GNOFHAC engaged in significant community outreach and public efforts in order to address and attempt to counteract the effects of Defendant's conduct. GNOFHAC's efforts include: organizing and conducting trainings to groups of service providers in the Greater New Orleans area, including meeting with BlightsOut, an organization dedicated to eradicating blight; meeting with government officials regarding REO maintenance; creating public service announcements and advertising in local print and radio; participating in community events, including the Mission Possible Conference with over 100 conference attendees, and engaging with media to raise awareness of REO-related issues.

243. Defendant's actions have also frustrated the mission and purpose of GNOFHAC. As described in greater detail above, GNOFHAC's mission is to ensure equal housing opportunities and to fight unlawful discrimination and segregation. Defendant's discriminatory maintenance directly impedes its efforts and frustrates its mission.

244. Finally, GNOFHAC has expended its own funds to engage in community development, homeownership promotion, and neighborhood stabilization efforts. Plaintiff's financial investments have been and are continuing to be undermined by the existence of

deteriorating and poorly maintained Fannie Mae REO properties in the greater New Orleans metropolitan region.

### **HOPE Fair Housing Center**

245. Plaintiff HOPE conducted inspections of Fannie Mae REO properties across the greater Chicago metropolitan region, expending over 550 hours throughout the course of this investigation.

246. As a result of this expenditure of time and resources, HOPE was forced to divert resources and time away from other intended projects and programs, and to delay, suspend, or even cancel such programming. Defendant's discriminatory conduct caused Plaintiff to forgo opportunities including: consulting opportunities, new funding applications, professional staff development, and community and coalition meetings.

247. In addition, HOPE engaged in significant community outreach and public education efforts in order to address and attempt to counteract the effects of Defendant's conduct. Plaintiff's efforts include: organizing and conducting trainings for a regional coalition of housing providers, non-profit service providers and government staff in the greater Chicago metropolitan region; meeting with local code or government officials regarding REO maintenance in Elgin and other local municipalities; meeting with local service providers and real estate trade organizations; preparing and publishing brochures/reports; designing targeted websites and specialized mailings; participating in community events, including the Chicago Urban League Homebuyers Fair, among others; and engaging with media to raise awareness of REO-related issues.

248. Defendant's actions have also frustrated the mission and purpose of HOPE. As described in greater detail above, HOPE's mission is to ensure equal housing opportunities and

1 to fight unlawful discrimination and segregation. Defendant's discriminatory maintenance  
2 directly impedes its efforts and frustrates its mission.

3 249. HOPE has also expended its own funds to engage in community development,  
4 homeownership promotion, and neighborhood stabilization efforts. Plaintiff's financial  
5 investments have been and are continuing to be undermined by the existence of deteriorating  
6 and poorly maintained Fannie Mae REO properties in the greater Chicago metropolitan region.

### 7 **Housing Opportunities Made Equal of Virginia**

8  
9 250. Plaintiff HOME of Virginia conducted inspections of Fannie Mae's REO  
10 properties in Virginia, expending 165 hours throughout the course of this investigation.

11 251. As a result of this expenditure of time and resources, HOME of Virginia was  
12 forced to divert resources and time away from other intended projects and programs, and to  
13 delay, suspend, or even cancel such programming. Defendant's discriminatory conduct caused  
14 Plaintiff to forgo opportunities including education and outreach activities that would have  
15 furthered its mission, training on volunteer recruitment, fair housing planning consulting work,  
16 community meetings, and collaborative efforts, and the delay of its internal strategic planning  
17 exercises.

18  
19 252. In addition, HOME of Virginia engaged in significant community outreach and  
20 public education efforts in order to address and attempt to counteract the effects of Defendant's  
21 conduct. Plaintiff's efforts include: corresponding with City officials regarding REO  
22 maintenance and ongoing costs to the localities; meeting with community development  
23 corporations; and engaging with media to raise awareness of REO-related issues.

24  
25 253. Defendant's actions have also frustrated the mission and purpose of HOME of  
26 Virginia. As described in greater detail above, HOME of Virginia's mission is to ensure equal

1 housing opportunities and to fight unlawful discrimination and segregation. Defendant's  
 2 discriminatory maintenance directly impedes its efforts and frustrates its mission.

3 **Housing Opportunities Project for Excellence (HOPE Inc.)**

4 254. Plaintiff HOPE, Inc., conducted inspections of Fannie Mae REO properties  
 5 across the state of Florida and expended over 110 hours throughout the course of this  
 6 investigation.

7 255. As a result of this expenditure of time and resources, HOPE, Inc. was forced to  
 8 divert resources and time away from other intended projects and programs, and to delay,  
 9 suspend, or even cancel such programming. Defendant's discriminatory conduct caused  
 10 Plaintiff to forgo opportunities including resource development, public policy advocacy,  
 11 identifying opportunities to educate underserved and un-served populations, utilizing research  
 12 and technology to identify discriminatory trends in housing, and furtherance of the  
 13 organization's Strategic Plan.  
 14

15 256. In addition, HOPE, Inc. engaged in significant community outreach and public  
 16 education efforts in order to address and attempt to counteract the effects of Defendant's  
 17 conduct. Plaintiff's efforts include: preparation and publication of newsletter articles promoting  
 18 community awareness; engagement with media engagement to raise awareness of REO-related  
 19 issues; and development of educational presentations inclusive of REO-related topics,  
 20 including homebuyer/foreclosure prevention workshops, housing provider trainings, and local  
 21 (Miami-Dade and Broward County) and statewide (Florida) fair housing workshops.  
 22

23 257. Defendant's actions have also frustrated the mission and purpose of HOPE, Inc.  
 24 As described in greater detail above, HOPE Inc.'s mission is to ensure equal housing  
 25 opportunities and to fight unlawful discrimination and segregation. Defendant's discriminatory  
 26 maintenance directly impedes its efforts and frustrates its mission.  
 27

### Housing Research & Advocacy Center

258. Plaintiff HRAC conducted inspections of Fannie Mae REO properties across the greater Cleveland metropolitan area, expending over 140 hours over the course of this investigation.

259. As a result of this expenditure of time and resources, HRAC was forced to divert resources and time away from other intended projects and programs, and to delay, suspend, or even cancel such activities. Defendant's discriminatory conduct caused Plaintiff to forgo opportunities including production of an annual report, Racial and Ethnic Disparities in Mortgage Lending.

260. In addition, HRAC engaged in significant community outreach and public education efforts in order to address and attempt to counteract the effects of Defendant's conduct. HRAC's efforts include: the discussion of REO maintenance issues in more than 200 presentations to housing providers and real estate agents in Northeast Ohio; meeting with local code or government officials regarding REO maintenance; meeting with local service providers; sharing investigation's findings with the community; and engaging with media to raise awareness of REO-related issues.

Defendant's actions have also frustrated the mission and purpose of HRAC. As described in greater detail above, HRAC's mission is to ensure equal housing opportunities and to fight unlawful discrimination and segregation. Defendant's discriminatory maintenance directly impedes its efforts and frustrates its mission.

### Miami Valley Fair Housing Center

261. Plaintiff MVFHC conducted inspections of Fannie Mae REO properties across the greater Miami Valley region, expending over 130 hours throughout the course of this investigation.

1           262. As a result of this expenditure of time and resources, MVFHC was forced to  
2 divert resources and time away from other intended projects and programs, and to delay,  
3 suspend, or even cancel such programming. Defendant's discriminatory conduct caused  
4 Plaintiff to forgo opportunities including: consulting and training opportunities, community  
5 and coalition meetings, new funding applications, and professional staff development.

6           263. In addition, MVFHC engaged in significant community outreach and public  
7 education efforts in order to address and attempt to counteract the effects of Defendant's  
8 conduct. Plaintiff's efforts include: organizing and conducting trainings for real estate agents,  
9 property managers, municipal government employees, and the general public in the greater  
10 Miami Valley region; meeting with local code or government officials regarding REO  
11 maintenance; meeting with local service providers; preparing and publishing brochures/reports;  
12 creating public service announcements and advertising in local print and radio; designing  
13 targeted websites and specialized mailings; participating in community events (including  
14 presentations to the Latino Connection, the Dayton Area Realtists, Catholic Social Services,  
15 the Dayton Mortgage Broker's Association, and the Ahiska Turkish American Community  
16 Center); and engaging with media to raise awareness of REO-related issues.

17           264. Finally, MVFHC has expended its own funds to engage in community  
18 development, homeownership promotion, and neighborhood stabilization efforts. Plaintiff's  
19 financial investments have been and are continuing to be undermined by the existence of  
20 deteriorating and poorly maintained Fannie Mae REO properties in the greater Miami Valley  
21 region.

22           265. Defendant's actions have also frustrated the mission and purpose of MVFHC. As  
23 described in greater detail above, MVFHC's mission is to ensure equal housing opportunities  
24



1 and to fight unlawful discrimination and segregation. Defendant's discriminatory maintenance  
2 directly impedes its efforts and frustrates its mission.

3 **Metro Fair Housing Services, Inc.**

4 266. Plaintiff Metro conducted inspections of Fannie Mae REO properties across the  
5 greater Atlanta metropolitan region, expending over 325 hours throughout the course of this  
6 investigation.

7 267. As a result of this expenditure of time and resources, Metro was forced to divert  
8 resources and time away from other intended projects and programs, and to delay, suspend, or  
9 even cancel such programming. Defendant's discriminatory conduct caused Plaintiff to forgo  
10 opportunities including consulting and training opportunities, new funding applications,  
11 professional staff development, and new or additional fair housing investigations.

12 268. In addition, Metro engaged in significant community outreach and public  
13 education efforts in order to address and attempt to counteract the effects of Defendant's  
14 conduct. Plaintiff's efforts include: organizing and conducting trainings for local jurisdictional  
15 staffs, private and public housing providers, real estate agents and consumers in the greater  
16 Atlanta metropolitan region; meeting with local code or government officials regarding REO  
17 maintenance; preparing and publishing brochures/reports; participating in community events,  
18 including the agency's annual fair housing events, partnership fairs and workshops and  
19 professional education and outreach activities; and engaging with media to raise awareness for  
20 REO-related issues.

21 269. Defendant's actions have also frustrated the mission and purpose of Metro. As  
22 described in greater detail above, Metro's mission is to ensure equal housing opportunities and  
23 to fight unlawful discrimination and segregation. Defendant's discriminatory maintenance  
24 directly impedes its efforts and frustrates its mission.

270. Finally, Metro has expended its own funds to engage in community development, homeownership promotion, and neighborhood stabilization efforts. Plaintiff's financial investments have been and are continuing to be undermined by the existence of deteriorating and poorly maintained Fannie Mae REO properties in the greater Atlanta metropolitan region.

#### **Metropolitan Milwaukee Fair Housing Council**

271. Plaintiff MMFHC conducted inspections of Fannie Mae REO properties across the greater Milwaukee metropolitan area, expending over 400 hours throughout the course of this investigation.

272. As a result of this expenditure of time and resources, MMFHC was forced to divert resources and time away from other intended projects and programs, and to delay, suspend, or even cancel such programming. Defendant's discriminatory conduct caused Plaintiff to forgo opportunities including fair lending outreach and education, fair housing outreach and education, fair housing investigations, data collection activities, and housing industry trainings.

273. In addition, MMFHC engaged in significant community outreach and public education efforts in order to address and attempt to counteract the effects of Defendant's conduct. Plaintiff's efforts include conducting REO-related presentations and meetings with government officials, community organizations, academic institutions, housing providers, individual realtors and realtors' associations, neighborhood associations, lending institutions, community activists, faith-based institutions, and homeowners and residents of neighborhoods affected by discriminatory REO maintenance and marketing practices.

274. Defendant's actions have also frustrated the mission and purpose of MMFHC. As described in greater detail above, MMFHC's mission is to ensure equal housing

opportunities and to fight unlawful discrimination and segregation. Defendant's discriminatory maintenance directly impedes its efforts and frustrates its mission

### **North Texas Fair Housing Center**

275. Plaintiff NTFHC conducted inspections of Fannie Mae REO properties across the greater Dallas-Fort Worth metropolitan region, expending over 135 hours throughout the course of the investigation.

276. As a result of this expenditure of time and resources, NTFHC was forced to divert resources and time away from other intended projects and programs, and to delay, suspend, or even cancel such programming. Defendant's discriminatory conduct caused Plaintiff to forgo opportunities including expanded forms of outreach and coalition-building, professional staff development, and new funding applications.

277. In addition, NTFHC engaged in significant community outreach and public education efforts to address and attempt to counteract the effects of Defendant's conduct. Plaintiff's efforts include: organizing and conducting trainings for social service providers and property management personnel in the Dallas-Fort Worth region; meeting with local government officials regarding REO maintenance; meeting with local service providers; preparing and publishing brochures; creating public service announcements and advertising in local print and radio; designing specialized mailings; participating in community events, including community resource fairs; and engaging with media to raise awareness of REO-related issues.

278. Defendant's actions have also frustrated the mission and purpose of NTFHC. As described in greater detail above, NTFHC's mission is to ensure equal housing opportunities and to fight unlawful discrimination and segregation. Defendant's discriminatory maintenance directly impedes its efforts and frustrates its mission.

279. NTFHC has also spent its own funds to engage in community development, homeownership promotion, and neighborhood stabilization efforts. Plaintiff's financial investments have been and are continuing to be undermined by the existence of deteriorating and poorly maintained Fannie Mae REO properties in the greater Dallas-Fort Worth region.

#### **Open Communities**

280. Plaintiff Open Communities conducted inspections of Fannie Mae REO properties in the greater Chicago metropolitan region, expending over 262 hours throughout the course of this investigation.

281. As a result of this expenditure of time and resources, Open Communities was forced to divert resources and time away from other intended projects and programs, and to delay, suspend, or even cancel such programming. Defendant's discriminatory conduct caused Plaintiff to forgo opportunities including conducting fair housing testing and investigations, holding landlord and tenant mediation services, performing community outreach and professional staff development.

282. Defendant's actions have also frustrated the mission and purpose of Open Communities. As described in greater detail above, Open Communities' mission is to ensure equal housing opportunities and to fight unlawful discrimination and segregation. Defendant's discriminatory maintenance directly impedes its efforts and frustrates its mission.

#### **South Suburban Housing Center**

283. Plaintiff SSHC conducted inspections of Fannie Mae REO properties across the greater Chicago metropolitan area, expending over 329 hours throughout the course of this investigation.

284. As a result of this expenditure of time and resources, SSHC was forced to divert resources and time away from other intended projects and programs, and to delay, suspend, or

1 even cancel such programming. Defendant's discriminatory conduct caused Plaintiff to forgo  
2 opportunities including additional fair housing complaint intakes and investigations, fair  
3 housing presentations for the general public and housing providers, counseling and advocacy  
4 on behalf of mortgage-distressed discrimination victims, and expanded forms of outreach and  
5 coalition-building.

6         285. In addition, SSHC has engaged in significant community outreach and public  
7 education efforts in order to address and attempt to counteract the effects of Defendant's  
8 conduct. Plaintiff's efforts include conducting REO-related presentations and meetings with  
9 municipal and county officials, community organizations, housing providers, individual  
10 realtors and realtors' associations, lending institutions, community service agencies, faith-  
11 based institutions, and homeowners and residents of communities affected by discriminatory  
12 REO maintenance and marketing practices.

13  
14         286. Defendant's actions have also frustrated the mission and purpose of SSHC. As  
15 described in greater detail above, SSHC's mission is to ensure equal housing opportunities and  
16 to fight unlawful discrimination and segregation. Defendant's discriminatory maintenance  
17 directly impedes its efforts and frustrates its mission.

18  
19         287. Finally, SSHC has expended its own funds to engage in community  
20 development, homeownership promotion, and neighborhood stabilization efforts, including  
21 down payment assistance and mortgage distress assistance programs. Plaintiff's financial  
22 investments have been and are continuing to be undermined by the existence of deteriorating  
23 and poorly maintained Fannie Mae REO properties in the greater Chicago metropolitan area.  
24

**Toledo Fair Housing Center**

1  
2 288. Plaintiff TFHC conducted inspections of Fannie Mae REO properties across the  
3 greater Toledo metropolitan area, expending over 316 hours throughout the course of this  
4 investigation.

5 289. As a result of this expenditure of time and resources, TFHC was forced to divert  
6 resources and time away from other intended projects and programs, and to delay, suspend, or  
7 even cancel such programming. Defendant's discriminatory conduct caused Plaintiff to forgo  
8 opportunities including providing fair housing training to community partners, attending  
9 conferences and other forms of professional staff development, and advocating for housing  
10 discrimination victims.  
11

12 290. In addition, TFHC engaged in significant community outreach and public  
13 education efforts in order to address and attempt to counteract the effects of Defendant's  
14 conduct. Plaintiff's efforts include: organizing and conducting trainings for housing industry  
15 professionals and the general public in the Northwest Ohio region; meeting with government  
16 officials regarding REO maintenance; meeting with local service providers; preparing and  
17 publishing reports; participating in community events and meetings; engaging with media to  
18 raise awareness of REO-related issues; interviewing neighbors; and participating in  
19 neighborhood beautification and revitalization efforts.  
20

21 291. Defendant's actions have also frustrated the mission and purpose of TFHC. As  
22 described in greater detail above, TFHC's mission is to ensure equal housing opportunities and  
23 to fight unlawful discrimination and segregation. Defendant's discriminatory maintenance  
24 directly impedes its efforts and frustrates its mission.  
25

26 292. Finally, TFHC has expended its own funds to engage in community  
27 development, homeownership promotion, neighborhood stabilization, foreclosure prevention  
28

1 and beautification efforts. Plaintiff's financial investments have been and are continuing to be  
 2 undermined by the existence of deteriorating and poorly maintained Fannie Mae REO  
 3 properties in the greater Toledo metropolitan region.

#### 4 **C. Injuries to Neighborhood Residents and Communities**

5 293. The damaging effects of Defendant's discriminatory conduct extends beyond  
 6 Plaintiffs, also harming the communities Plaintiffs serve. Defendant's failure to maintain REO  
 7 properties in communities of color has created deteriorating eye sores and depressed property  
 8 values in communities of color, undermining neighborhood stabilization, and curtailing  
 9 economic recovery.  
 10

11 294. Where REO properties are not maintained, their effects on the neighborhood and  
 12 the community can be powerful. They can diminish the value of surrounding properties and  
 13 destabilize economic and social conditions in the neighborhood. Several academic and  
 14 government reports acknowledge the negative effects of neglected vacant properties on  
 15 neighboring homeowners, whole neighborhoods, and local governments. For example, the  
 16 Government Accountability Office issued very detailed findings on the negative effects of  
 17 abandoned foreclosures in 2010 in its Report "Mortgage Foreclosures: Additional Mortgage  
 18 Servicer Actions Could Help Reduce the Frequency and Impact of Abandoned Foreclosures,"  
 19 GAO-11-93, available at <http://www.gao.gov/new.items/d1193.pdf>. Vacant and abandoned  
 20 properties often deteriorate quickly and can result in structural damage, mold, broken windows,  
 21 accumulated trash and debris, overgrown grass, among other things. *Id.* at 29-31. They can also  
 22 create public safety concerns, and pose significant public health, safety, and welfare issues at  
 23 the local level. *Id.* at 31-32. These harmful effects are well-known to Fannie Mae, and this  
 24 GAO report was provided to Fannie Mae for comment prior to its final release in November  
 25 2010. *See also* Government Accountability Office, "Vacant Properties: Growing Number  
 26  
 27  
 28



1 Increases Communities' Costs and Challenges," GAO-12-34 (Nov. 4, 2011), at 27-48,  
2 available at <http://www.gao.gov/products/GAO-12-34> ; Woodstock Institute, Deciphering  
3 Blight: Vacant Buildings Data Collection in the Chicago Six County Region (June 2013) at 2  
4 (citing studies), available  
5 at [http://www.woodstockinst.org/sites/default/files/attachments/decipheringblight\\_buitrago\\_jun](http://www.woodstockinst.org/sites/default/files/attachments/decipheringblight_buitrago_june2013.pdf)  
6 [e2013.pdf](http://www.woodstockinst.org/sites/default/files/attachments/decipheringblight_buitrago_june2013.pdf).

7  
8 295. Poorly maintained REO properties strip neighboring homeowners of wealth  
9 through decreased equity in their homes. Research shows that living on the same block as a  
10 foreclosed property or a blighted property can result in significant decreases in one's home  
11 value and equity. This problem is particularly acute in communities of color. Moreover,  
12 residents in the affected neighborhoods are often required to expend their own labor and money  
13 to maintain Fannie Mae's REO properties, but cannot do so in a comprehensive and sufficient  
14 manner.

15  
16 296. Poorly maintained REO properties affect the health and safety of surrounding  
17 residents. The stress related to living near a neglected, vacant property has been documented to  
18 contribute to increased high blood pressure rates for neighboring homeowners. Properties that  
19 are vacant and boarded up increase a sense of social isolation and anxiety for the residents  
20 living in those neighborhoods. Increased criminal activity and arson and accidental injuries  
21 from fires, as well as injuries related to unsecure and unstable structures, are more likely to  
22 occur in neighborhoods with vacant and neglected REO properties. Blighted properties also  
23 pose health and safety for neighbors due to rodent and insect infestation, decay, and  
24 vulnerability to crime.

25  
26 297. Allowing REO properties in communities of color to deteriorate has the  
27 necessary and foreseeable consequence of perpetuating segregation by re-entrenching the  
28

1 vestiges of historically discriminatory practices engaged in by private and government actors.  
2 By failing to maintain REO dwellings in communities of color according to the same standards  
3 as it maintains REO dwellings in predominantly white neighborhoods, Fannie Mae stigmatizes  
4 communities of color as less desirable than predominantly white neighborhoods. Vacant and  
5 foreclosed properties are well known to depress surrounding home values; poor maintenance  
6 can only exacerbate that effect. And as shoddy maintenance and neglect result in deteriorating  
7 appearances and physical conditions for REO properties, their availability for sale is adversely  
8 affected, constraining housing options in impacted communities. The prospects for integration  
9 in the affected neighborhoods are reduced because white buyers are deterred from purchasing  
10 homes in neighborhoods with poorly maintained REO properties, leaving the existing  
11 segregated racial composition of these neighborhoods unchanged. As a consequence, potential  
12 home buyers, as well as existing homeowners, are being deprived of the social, professional,  
13 business and economic, political, and aesthetic benefits of living in integrated communities free  
14 of housing discrimination.  
15

16  
17 298. Lower home values in communities of color also restrict the ability of minority  
18 homeowners to move to majority white or integrated neighborhoods by reducing the equity  
19 they can use to buy a new home. Poor maintenance of REO properties significantly reduces the  
20 number of potential buyers in the housing market, deflecting sales prices downward. At the  
21 same time, research has shown that white homeowners in predominantly minority  
22 neighborhoods with high concentrations of foreclosed properties have greater resources to  
23 leave those neighborhoods, and the presence of poorly maintained REO properties increases  
24 their incentive to move out.  
25

26 299. Poorly maintained properties are also much more likely to be purchased by an  
27 investor as opposed to an owner-occupant. Because Defendant's poorly maintained properties  
28

1 are more heavily concentrated in African-American and Latino communities, communities of  
 2 color that formerly thrived with high owner-occupancy rates are increasingly becoming  
 3 investor-owned rental communities. Predatory investor ownership occurs most often in low-  
 4 income communities of color and can include bulk purchasing of homes with the intention of  
 5 renting them out with little or no maintenance or rehabilitation.

6 300. Finally, Fannie Mae's failure to maintain REO properties in communities of  
 7 color also harms governments. Local municipalities are forced to shoulder heavy costs for each  
 8 vacant, poorly maintained property within their jurisdiction, and these costs can increase when  
 9 the particular local jurisdiction has a high rate of foreclosures. When large scale property  
 10 owners, such as Fannie Mae, neglect their assets, many of the related expenses become the  
 11 burden of the local government. In addition, a significant reduction in property values directly  
 12 injures municipalities by diminishing their tax base, thus threatening their ability to bear the  
 13 costs of local government and provide services.  
 14

#### 15 **D. The Injuries Caused by Defendant's Conduct Continues**

16 301. Until remedied, Defendant's unlawful, discriminatory actions will continue to  
 17 injure Plaintiffs by, *inter alia*:  
 18

- 19 a. interfering with Plaintiffs' efforts and programs intended to bring about equality  
 20 of opportunity in housing;
- 21 b. requiring the commitment of scarce resources, including substantial staff time and  
 22 funding, to counteract Defendant's discriminatory conduct in the communities  
 23 identified above, thus diverting those resources away from Plaintiffs' usual  
 24 activities and services, such as education, outreach, and counseling;  
 25  
 26  
 27  
 28

- c. frustrating Plaintiffs' missions and purposes of promoting the equal availability of housing to all persons without regard to any protected category, including race and the racial composition of a neighborhood;
- d. frustrating Plaintiffs' missions and purposes of promoting racial integration and eliminating racial segregation in their communities; and
- e. impeding the accomplishments of Plaintiffs' community investment programs.

302. All of these injuries flow directly from Defendant Fannie Mae's conduct. They are fairly traceable to Defendant Fannie Mae's discriminatory behavior in Plaintiffs' communities, and they are likely to be redressed by a favorable judicial decision. They are directly related to the zone of interests protected by the Fair Housing Act.

## VI. VIOLATIONS OF THE FAIR HOUSING ACT

303. Plaintiffs adopt and re-allege the allegations of paragraphs 1 through 257 of this Complaint.

304. The REO properties investigated by Plaintiffs are "dwelling[s]" within the meaning of 42 U.S.C. § 3602(b).

305. Section 804(a) of the Fair Housing Act makes it unlawful to "otherwise make unavailable or deny, a dwelling to any person because of race [or] national origin[.]" 42 U.S.C. § 3604(a). HUD regulations provide in pertinent part that "[i]t shall be unlawful, because of race [or] national origin ... to discourage or obstruct choices in a community, neighborhood or development." 24 C.F.R. 100.70(a). Such acts "include, but are not limited to: (1) Discouraging any person from inspecting, purchasing, or renting a dwelling . . . because of the race [or] national origin . . . of persons in a community, neighborhood or development." 24 C.F.R. 100.70(c)(1). The discriminatory provision of maintenance services to REO properties in communities of color creates significant barriers to the sale or purchase of those properties,

1 making them otherwise unavailable. Accordingly, Defendant has discriminated in the  
2 marketing and sale of, or otherwise made unavailable or denied, dwellings to persons because  
3 of race or national origin in violation of 42 U.S.C. § 3604(a).

4       306. Section 804(b) of the Fair Housing Act makes it unlawful to discriminate against  
5 any person in the terms, conditions, or privileges of sale or rental of a dwelling, or in the  
6 provision of services or facilities in connection therewith, because of race or national origin. 42  
7 U.S.C. §3604(b). The maintenance of REO properties constitutes “the provision of services” in  
8 connection with dwellings. HUD’s regulations implementing this section specify that  
9 “[p]rohibited actions under this section include, but are not limited to...[f]ailing or delaying  
10 maintenance or repairs of sale or rental dwellings” because of race or national origin. 24 C.F.R.  
11 § 100.65. Accordingly, Defendant has discriminated in the marketing and sale of, or otherwise  
12 made unavailable or denied, dwellings to persons because of race or national origin in violation  
13 of 42 U.S.C. § 3604(b).  
14

15       307. In addition, sales transactions involving poorly maintained REO properties in  
16 communities of color result in the transfer of title to the dwelling under less favorable “terms”  
17 and “conditions” that place on buyers the responsibility of catching up on delayed maintenance  
18 and cleaning up the property to avoid code violations. Accordingly, Defendant has  
19 discriminated in the terms, conditions, or privileges of sale or rental of a dwelling, or in the  
20 provision of services or facilities in connection therewith, because of race or national origin in  
21 violation of 42 U.S.C. § 3604(b).  
22

23       308. Section 805 of the Fair Housing Act makes it unlawful for any entity “whose  
24 business includes engaging in residential real-estate-related transactions” to discriminate  
25 against any person in making available such a transaction because of race or national origin. 42  
26 U.S.C. § 3605. The discriminatory provision of maintenance services to REO properties in  
27  
28

1 communities of color creates significant barriers to the sale or purchase of those properties.

2 Accordingly, Defendant has discriminated in the marketing and sale of, or otherwise made  
3 unavailable or denied, dwellings to persons because of race or national origin in violation of 42  
4 U.S.C. § 3605.

5 309. Section 818 of the Fair Housing Act makes it unlawful, among other things, to  
6 “interfere with any person in the exercise or enjoyment of . . . any right granted or protected  
7 by” other provisions of the Act. 42 U.S.C. § 3617. People living in the communities adversely  
8 affected by Defendant’s practices, who are predominantly people of color, have seen their  
9 property values and enjoyment of their homes diminished because of race. By failing to  
10 maintain REO properties in predominantly minority communities, Defendant has interfered  
11 with the rights of neighboring residents and homeowners to use and enjoy their homes and  
12 communities. The health and safety risks created by Fannie Mae’s REO properties in  
13 communities of color and the deleterious effects of those properties on their surrounding  
14 neighborhoods create a hostile living environment for their neighbors, in violation of 42 U.S.C.  
15 § 3617.  
16

17 310. Defendant has violated the above provisions of the Fair Housing Act by  
18 engaging in the actions and developing, implementing, and maintaining practices that have the  
19 purpose and effect of discriminating on the basis race and national origin and that have the  
20 effect of perpetuating housing segregation. Accordingly, Defendant’s perpetuation and  
21 encouragement of patterns of racial segregation violate the Fair Housing Act, 42 U.S.C.  
22 § 3601, *et seq.*  
23  
24

## 25 **VII. JURY TRIAL DEMAND**

26 Plaintiffs hereby demand a trial by jury.  
27  
28

# VIII. PRAYER FOR RELIEF

WHEREFORE, for the foregoing reasons, Plaintiffs pray that this Court grant judgment in their favor, and against Defendant, as follows:

- a. Declare, pursuant to 28 U.S.C. § 2201, that the conduct of Defendant in its maintenance of its REO properties, as alleged herein, is in violation of the Fair Housing Act, 42 U.S.C. § 3601, *et seq.*, and the applicable regulations;
- b. Enjoin, pursuant to 42 U.S.C. § 3613(c), Defendant, its officers, directors, employees, agents, successors, assigns, and all other persons in active concert or participation with any of them, both temporarily during the pendency of this action and permanently from violating the Fair Housing Act;
- c. Award such damages as would fully compensate Plaintiffs for their injuries incurred as a result of Defendant's discriminatory housing practices and conduct pursuant to 42 U.S.C. § 3613(c);
- d. Award such punitive damages against Defendant as is proper under law pursuant to 42 U.S.C. § 3613(c);
- e. Award Plaintiffs their costs and attorneys' fees incurred herein pursuant to 42 U.S.C. § 3613(c); and
- f. Award Plaintiffs such other relief as this Court deems just and proper.

DATED this 10th day of April, 2018.

Respectfully Submitted,

/s/ Stephen M. Dane

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14  
15 \* *Appearing with Permission Pro Hac Vice*

**CERTIFICATE OF SERVICE**

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I hereby certify that on this 10th day of April, 2018, a true and correct copy of the foregoing Plaintiffs' First Amended Complaint was filed through this court's CM/ECF system and served on the following counsel of record through the same:

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